APPENDIX.

FILE
NU. 29

IN THE

Supreme Court of the United States

October Term, 1971
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

vs.

THE STATE OF CALIFORNIA,

Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

Petition for Certiorari Filed March 15, 1972.
Certiorari Granted May 30, 1972.

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APPENDIX.

Docket Entries.

A. In the Municipal Court of Los Angeles Judicial District in the County of Los Angeles, State of California.

[Title and Cause]

Date

March 22, 1971

Complaint filed declared to by R. E. Reed charging the Defendant with having on 3-3-71 at Los Angeles City, in the County of Los Angeles, State of California, committed a misdemeanor, to-wit: Violation of Section 653h of the Penal Code of the State of California (Counts 1 through 140).

March 22, 1971

Declaration in support of arrest warrant made under section 2015.5 C.C.P. filed. Good cause shown pursuant to section 1427 P.C.

Court summons issued to appear in Div. 59 on March 29, 1971, 9 a.m.

March 29, 1971

Deft. notified to appear in Div. 59 on March 29, 1971, 10:30 a.m.

AS TO EACH DEFENDANT

In the following case Archer K. Leung, C.S.R. Reporter, is ordered to take down proceedings as provided by law.

Case called, Judge David V. Kenyon presiding. Both parties ready. People represented by White Mitchell (D.C.A.) Defendant represented by Atty. Daye Sinn Deputy Public Defender for arraign-

ment only (in pro. per.). Defendant in court, duly arraigned, informed of the charge/s against him and of his legal rights. Defendant gives true name as charged and enters his plea of not guilty of the offense charged. Defendant with counsel in open court each personally demands jury trial. Defendant instructed to appear personally for trial. Trial set for 6/17/71 9 A.M. in Div. 22 Bail $..... incl. P.A. Deft. Committed. Bail to Stand. Defendant released on his own recognizance.

DEFENDANT PERSONALLY WAIVES STATUTORY TIME FOR TRIAL

Defendant duly arraigned. Gives true name as charged. Complaint read and defendant advised that he is entitled to a public trial within 45 days; to the aid of the court in producing witnesses in his behalf; to be confronted with the witnesses against him in the presence of the court; not to be a witness against himself; to a trial by jury; to be admitted to reasonable bail; to be represented by a lawyer of his own choosing; or to have counsel provided for him if he is financially unable to employ counsel. Defendant advised of the nature of the charges and the consequences of the plea.

April 15, 1971

Notice of Motion for Advancement of trial date filed.

April 26, 1971

In this case Jean Terry, Reporter, is ordered to take down proceedings as provided by law. Div. 20 convened at ....M., Cause called. Judge Wilbur G. Dettmar presiding. Both parties ready. People

represented by Philip Shiner (D.C.A.) Defendants not in court and represented by Daye Shinn; John Le Van Deputy Clerk; Cause advanced for purpose of motion trial date to stand. Defense counsel will be available.

June 14, 1971

In this case Brent Perry Shaw, Reporter is ordered to take down proceedings as provided by law. Div. 20 convened at ....M., Cause called. Judge Wilbur G. Dettmar presiding. Both parties ready. People represented by Thomas W. Smotrich (D.C.A.) Defendants not in court and represented by .....; John Le Van, Deputy Clerk;

Substitution of attorney filed. Motion to substitute Gottlieb and Locke in place of Daye Shinn is granted.

On Defendant's motion Cause continued to 6-21-71, 8:30 a.m. for motion under 1538.5 Penal Code, motion to traverse warrant and for trial. Time is waived.

June 21, 1971

AS TO EACH DEFENDANT

In the following case A.M. Moell Reporter is ordered to take down proceedings as provided by law. Cause called. Judge Wilbur G. Dettmar presiding. People represented by J. Adajian (D.C.A.) Defendant in court and represented by D. Gottlieb and the following proceedings were had: cause advanced for purpose of motion. Motion by defendant for a continuance Granted. Cont. to 6-22-1971, 9 a.m. Div. 20 Deft. waives statutory time for trial.

Defendant released on his own recognizance.

June 22, 1971

In this case Alice M. Moell Reporter is ordered to take down proceedings as provided by law. Div. 20 convened at ....M., Cause called. Judge Wilbur G. Dettmar presiding. Both parties ready. People represented by J. Adajian (D.C.A.) Defendant in court and represented by Daniel M. Gottlieb; John Le Van Deputy Clerk;

Transferred to Div. 5 for trial. In this case Arlene Jenkins Reporter is order to take down proceedings as provided by law. Div. 15 convened at 10 A.M. Cause called. Judge Erich Auerbach presiding. Both parties ready. People represented by David Margulies (D.C.A.) Defendants in court and represented by Daniel M. Gottlieb; C. Hegler Deputy Clerk. Pre-Trial Conference in chambers. Recess to 2 P.M.

June 22, 1971

At 2:16 P.M. hearing under Penal Code section 1538.5. Waiver of Conflict of Interest documents signed June 17, 1971 filed.

June 22, 1971

Points and authorities in support of Motion to Suppress filed. People's Exhibit (1) Reporter's Transcript, in re: search warrant No. 3026. (2) Copy of search warrant No. 3026. (3) Unauthorized recording. (4) Authorized recording.

June 22, 1971

Motion to quash search warrant argued. Court finds that affidavit was not defective and motion denied. Evidentiary hearing under Penal Code section 1531. Defendant's motion for exclusion of witness—granted. Witnesses sworn for defend-

ants: David Margulies, Xavier Pitassi. Counsel stipulate and court orders witnesses Mrs. Friedman and Miss Aviles excused from further attendance and to be placed on call. Court adjourned to 10 A.M. June 23, 1971.

June 23, 1971

In this case Arlene Jenkins Reporter is ordered to take down proceedings as provided by law. Div. 15 convened at 10 A.M. Cause called. Judge Erich Auerbach presiding. Both parties ready. People represented by David Margulies (D.C.A.) Defendants in court and represented by Daniel M. Gottlieb; C. Hegler Deputy Clerk.

Hearing resumes on Defendants' motion under Penal Code section 1531. Witnesses sworn for Defendants: Robert E. Reed.

Motion submitted.

June 23, 1971

Court finds that the search warrant was valid and not subject to a Motion to Quash.

Court finds that there was full compliance with section 1531 Penal Code. Based on the two findings the court denied Defendants motion to suppress under section 1538.5 Penal Code.

Recess to 2:30 P.M.

At 2 P.M. proceedings resumed on Defendants' Motion to Dismiss.

At 2:17 P.M. court adjourned to 10 A.M. June 24, 1971.

In this case Arlene Jenkins Reporter is ordered to take down proceedings as provided by law. Div. 15 convened at 10 A.M. Cause called. Judge Erich Auerbach presiding. Both parties ready.

People represented by David Margulies (D.C.A.) Defendants in court and represented by Daniel M. Gottlieb. C. Hegler, Deputy Clerk.

June 24, 1971

Defendants' Motion to Dismiss Complaint on ground statute unconstititional—Motion Denied.

Recess to 2 P.M.

At 1:30 P.M. Pre-Trial Conference in Chambers.

At 2:30 P.M. Cause continued to June 28, 1971 at 9:30 A.M. Time waived.

Court orders personal appearance of defendants to be tried.

June 28, 1971

In this case Arlene Jenkins Reporter is ordered to take down proceedings as provided by law.

Div. 15 convened at 9:40 A.M. Cause called. Judge Erich Auerbach presiding. Both parties ready.

People represented by David Margulies (D.C.A.)

Defendant in court and represented by Daniel M. Gottlieb. C. Hegler, Deputy Clerk.

Pre-Trial Conference in Chambers.

Recess to 2 P.M.

At 1:30 P.M. Pre-Trial Conference in Chambers.

At 3 P.M. Defendants, Donald Koven, Ruth Koven and Donald Goldstein, in Open Court, and leave of court first obtained, withdraws [sic] their plea of not guilty heretofore entered and now enters [sic] their plea of Nolo Contendere to Counts 1 through 10 inclusive.

People and each defendant and their counsel in open court personally waives [sic] jury trial.

Each Defendant waives right to confrontation of witnesses and privilege against self incrimination.

Court finds this plea is fully and intelligently entered and each defendant understands the nature of the crime and consequences of such a plea.

The following People's Exhibits admitted in evidence by reference:

(5) 14 boxes containing 4062 miscellaneous pre-recorded 8 track stereo cartridges:

(6) 2 boxes containing 201 miscellaneous 8 track stereo tapes:

(7) Labels contain in file cabinets but not file cabinets itself:

(8) 4 boxes containing miscellaneous labels.

(9) 1 box containing miscellaneous 236 master 8 track stereo tapes:

(10) 2 boxes containing 352 miscellaneous 8 track stereo tapes in cartridges:

(11) 2 boxes containing miscellaneous tape cartridges and addressed to "Ed Shaw":

(12) 2 boxes containing miscellaneous tape cartridges labeled for shipping to Mobile Stereo:

(13) 1 box containing 182 tape cartridges:

(14) 2 boxes containing cartridge jackets:

(15) 1 box containing 2 red loose leaf note books, manila folders and catalog and order sheets, 2 empty 8 track cartridge, rubber stamp "Sonar Distributors":

(16) 1 box containing miscellaneous blank tapes on spools, tapes on hubs found on reproduction machine.

June 28, 1971

In this case Arlene Jenkins Reporter is ordered

to take down proceedings as provided by law.

Div. 15 convened at 3 P.M., Cause called. Judge Erich Auerbach presiding.

Both parties ready. People represented by David Marguiles (D.C.A.)

Defendants in court and represented by Daniel M. Gottlieb; C. Hegler, Deputy Clerk.

As to Defendant Donald Koven time waived for sentence and there being no legal cause why judgment should not be pronounced:

As to Count 1

Six months county jail, suspended, summary probation for three years on the following terms and conditions:

(1) Pay a fine of $500.00 or serve 100 days in the county jail, plus penalty assessment.

(2) That defendant refrain from causing to be transferred sounds recorded on any record or tape onto a tape or phonograph record with the intent to sell such tape or phonograph record on which the sounds have been transferred without the consent of the owner of the original. Nor shall he be a member of any partnership, conduct any business, own any stock in a corporation or be an officer or director of a corporation engaged in such activity, nor be an employee of any organization engaged in such activity nor have any financial interest in any entity so engaged.

(3) That the defendant not sell any tapes, recordings, or phonograph records described in the above conditions of probation.

(4) That he obey all laws.

Sentence on counts 2 to 10 inclusive, $500.00 or serve 100 days in county jail suspended.

Counts 11 through 140 dismissed on motion of people.

Stay of execution to July 7, 1971.

June 28, 1971

As to Defendant Ruth Koven time waived for sentence and there being no legal cause why judgment should not be pronounced:

As to Count 1

Ninety days county jail, suspended, summary probation for three years on the following terms and conditions:

(1) Pay a fine of $500.00 or serve 100 days in the county jail, plus penalty assessment.

(2) That defendant refrain from causing to be transferred sounds recorded on any record or tape onto a tape or phonograph record with the intent to sell such tape or phonograph record on which the sounds have been transferred without the consent of the owner of the original. Nor shall she be a member of any partnership, conduct any business, own any stock in a corporation or be an officer or director of a corporation engaged in such activity, nor be an employee of any organization engaged in such activity, nor aid or abet any person or corporation engaged in such activity nor have any financial interest in any entity so engaged.

(3) That the defendant not sell any tapes, recordings, or phonograph records described in the above conditions of probation.

(4) That she obey all laws.

Sentence on counts 2 to 10 inclusive, $500.00 or serve 100 days in the county jail suspended.

Counts 11 through 140 dismissed on motion of the people.

Stay of execution to July 7, 1971.

June 28, 1971

As to defendant Donald Goldstein time waived for sentence and there being no legal cause why judgment should not be pronounced:

As to Count 1

Sixty days county jail, suspended, summary probation for three years on the following terms and conditions:

(1) Pay a fine of $100.00 or serve 20 days in the county jail, plus penalty assessment.

(2) That defendant refrain from causing to be transferred sounds recorded on any record or tape onto a tape or phonograph record with the intent to sell such tape or phonograph record on which the sounds have been transferred without the consent of the owner of the original. Nor shall he be a member of any partnership, conduct any business, own any stock in a corporation or be an officer or director of a corporation engaged in such activity, nor be an employee of any organization engaged in such activity, nor aid or abet any person or corporation engaged in such activity nor have any financial interest in any entity so engaged.

(3) That the defendant not sell any tapes, recordings, or phonograph records described in the above conditions of probation.

(4) That he obey all laws.

Sentence on counts 2 to 10 inclusive, $500.00 or serve 100 days county jail suspended.

Counts 11 through 140 dismissed on motion of the people.

Stay of execution to July 7, 1971.

June 28, 1971

In this case Arlene Jenkins, Reporter is ordered to take down proceedings as provided by law.

Div. 15 convened at 3 P.M., Cause called. Judge Erich Auerbach presiding.

Both parties ready. People represented by David Margulies (D.C.A.).

Defendants in court and represented by Daniel M. Gottlieb; C. Hegler, Deputy Clerk.

People's motion to dismiss counts 1 through 140 as to defendants Xavier Pitassi, Robert Ivey, Lillian Bruin, [sic] Ruth Luftig, Jean Taxey, Sonor Distributors, Inc., a corp., Muntz Mobile Stereo Pak Inc.—granted in interest of justice.

Each of the above defendants through their counsel stipulated to probable cause.

June 29, 1971

In this case Arlene Jenkins, Reporter is ordered to take down proceedings as provided by law.

Div. 15 convened at 11 A.M. Cause called. Judge Erich Auerbach presiding. Both parties ready. People represented by David Marguiles (D.C.A.)

Defendants in court and represented by Daniel M. Gottlieb. C. Hegler, Deputy Clerk.

Defendants in court with counsel at request of court for clarification and correction of terms of probation in condition 2, addition of the words "or phonograph record" after the word "tape". Court delivers written expungement forms pursuant to provision 1203.4 of the Penal Code of State of California to each defendant. Court advises defendants that they are entitled to written papers setting forth the terms and length of probation. Defendants waive time for immediate delivery of

said writing and agreed that it may be sent this date to their counsel, Mr. Gottlieb.

July 7, 1971.

In this case no reporter is ordered to take down proceedings as provided by law. Div. 15 convened at 12:01 P.M. Cause called. Judge Erich Auerbach presiding. Both parties ready. People not represented by (D.C.A.) Defendants not in court and represented by Paul T. Locke. C. Hegler Deputy Clerk.

As to Donald Goldstein, Ruth Koven, Donald Koven: Notice of appeal filed. Upon filing of notice of appeal, each of the appealing defendants may continue to remain upon their own recognizance in lieu of bail.

Respondent notified by mail of the filing of notice of appeal.

July 12, 1971.

Defendant's proposed statement on appeal filed with proof of service by mail. (as to Goldstein, Koven, Ruth & Koven, Donald.)

August 4, 1971.

Hearing to settle Defendants' Proposed Statement on Appeal as to Donald Goldstein, Ruth Koven and Donald Koven, set for August 11, 1971 at 1:30 P.M. in Division 15.

Notices mailed, with affidavits of service by mail.

August 11, 1971.

Conference had with respective counsel. Court directs defense counsel to engross statement relating to certain matters agreed upon by parties as

part of statement on Appeal continued to September 1, 1971 at 1:30 p.m. by stipulation.

August 30, 1971.

Notice of Continuance of Hearing to settle Statement on Appeal to September 2, 1971 at 1:30 P.M. in Div. 15 by agreement of parties filed.

August 31, 1971.

Defendants' Proposed Statement on Appeal filed.

September 2, 1971.

Settlement conference continued to 11 A.M. September 8, 1971.

September 8, 1971.

Engrossed Statement on Appeal filed.

The Court does now settle and allow the foregoing Engrossed Statement on Appeal and certifies that the same is a true and correct statement of the proceedings had in the above entitled action.

September 13, 1971.

I hereby certify, this to be a true and correct copy of the original docket on file in this office. George J. Barbour, Clerk of Municipal Court, City of Los Angeles, State of California. By Barbara L. Stepniak, Deputy.

B. In the Appellate Department Superior Court Los Angeles County.

[Title and Cause]

September 15, 1971.

Papers on Appeal from the Municipal Court of the Los Angeles Judicial District filed as follows:

Notice of Appeal; Complaint; Transcript of Docket; Statement on Appeal; Search Warrant; Affidavit in Support of and Petition for Search Warrant; Return to Search Warrant; Clerk's Certificate.

September 15, 1971.

Order filed setting dates for hearing and for filing briefs:

Appeal set for hearing on November 4, 1971 at 9:30 a.m.

Appellant's brief by September 30, 1971.

Respondent's brief by October 12, 1971.

Appellant's brief by October 18, 1971.

Notice mailed to counsel.

October 1, 1971.

Appellants' Opening Brief filed.

October 12, 1971.

Respondent's Brief filed.

November 4, 1971.

Cause is orally argued by both counsel and is ordered submitted.

November 12, 1971.

Judgment affirmed. Appeal from order denying motion to suppress evidence under Penal Code Section 1538.5 and the now appealable Order denying matters to dismiss is dismissed. Memorandum and judgment filed. Notices mailed.

November 17, 1971.

Petition for Rehearing/Certification filed.

November 30, 1971.

Petition for rehearing denied. Petition for certification granted. Order filed. Notices mailed.

November 30, 1971.

Cause certified to Court of Appeal. Order filed. Notices mailed.

December 1, 1971.

Cause transmitted to Court of Appeal.

December 1, 1971.

Receipt for Order Denying Rehearing and Granting Certification and Order Certifying Cause to clarification.

December 7, 1971.

Receipt from Court of Appeal for file—filed.

December 17, 1971.

Court of Appeal Order Denying Transfer—filed

December 17, 1971.

Court of Appeal Order Denying Transfer and Remittitur sent to lower court. Original records returned to trial court.

December 27, 1971.

Remititur receipt filed. Receipt For Original Record Filed and Court of Appeal Order Denying Transfer.

June 2, 1972.

U.S. Supreme Court Order Granting Writ of Certiorari filed.

Misdemeanor Complaint.

[Title and Cause]

COMES NOW the undersigned and states that he is informed and believes, and upon such information and belief declares: That on or about March 3, 1971, and continuously for a period of 11 months imme-

diately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor to-wit: VIOLATION of Section 653h of the Penal Code of the State of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS; ROBERT IVEY; LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MOBILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape, with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled CARPENTERS/CLOSE TO YOU without the consent of the owner, A&M RECORDS.

COUNT II

For a further, separate and second cause of action, being a different offense belonging to the same class of crimes and offenses set forth in Counts I hereof, affiant complains and says: That on or about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor, to-wit: VIOLATION of Section 653h of the Penal Code of the State of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS; ROBERT IVEY; LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MO-

BILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled BLODWYN PIG/AHEAD RINGS OUT without the consent of the owner, A&M RECORDS.

COUNT III

For a further, separate and third cause of action, being a different offense belonging to the same class of crimes and offenses set forth in Counts I & II hereof, affiant complains and says: That on or about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor, to-wit: VIOLATION of Section 653h of the Penal Code of the State of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS; ROBERT IVEY; LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MOBILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled HERB ALPERT and THE TIJUANA BRASS/ GREATEST HITS without the consent of the owner, A&M RECORDS.

COUNT IV

For a further, separate and fourth cause of action, being a different offense belonging to the same class of crimes and offenses set forth in Counts I, II, III hereof, affiant complains and says: That on or about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor, to-wit: VIOLATION of Section 653h of the Penal Code of the State of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS; ROBERT IVEY; LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MOBILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled FREE/FIRE AND WATER without the consent of the owner, A&M RECORDS.

COUNT V

For a further, separate and fifth cause of action, being a different offense belonging to the same class of crimes and offenses set forth in Counts I through IV hereof, affiant complains and says: That on or about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor, to-wit: VIOLATION of Section 653h of the Penal Code of the State

of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS; ROBERT IVEY; LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MOBILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled LEE MICHAELS without the consent of the owner, A&M RECORDS.

COUNT VI

For a further, separate and sixth cause of action, being a different offense belonging to the same class of crimes and offenses set forth in Counts I through V hereof, affiant complains and says: That on or about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor, to-wit: VIOLATION of Section 653h of the Penal Code of the State of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS; ROBERT IVEY; LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MOBILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape

with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled LEE MICHAELS/BARREL without the consent of the owner, A&M RECORDS.

COUNT VII

For a further, separate and seventh cause of action, being a different offense belonging to the same class of crimes and offenses set forth in Counts I through VI hereof, affiant complains and says: That on or about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor, to-wit: VIOLATION of Section 653h of the Penal Code of the State of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS; ROBERT IVEY; LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MOBILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled LEE MICHAELS/CARNIVAL OF LIFE without the consent of the owner, A&M RECORDS.

COUNT VIII

For a further, separate and eighth cause of action, being a different offense belonging to the same class of crimes and offenses set forth in Counts I through VII hereof, affiant complains and says: That on or

about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor, to-wit: VIOLATION of Section 653h of the Penal Code of the State of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS; ROBERT IVEY; LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MOBILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled HERB ALPERT AND THE TIJUANA BRASS/GOING PLACES without the consent of the owner, A&M RECORDS.

COUNT VIX

For a further, separate and ninth cause of action, being a different offense belonging to the same class of crimes and offenses set forth in Counts I through VIII hereof, affiant complains and says: That on or about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor, to-wit: VIOLATION of Section 653h of the Penal Code of the State of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS;

ROBERT IVEY: LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MOBILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled QUINCY JONES/WALKING IN SPACE without the consent of the owner, A&M RECORDS.

COUNT X

For a further, separate and tenth cause of action, being a different offense belonging to the same class of crimes and offenses set forth in Counts I through IX hereof, affiant complains and says: That on or about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, at and in the City of Los Angeles, in the County of Los Angeles, State of California, a misdemeanor, to-wit: VIOLATION of Section 653h of the Penal Code of the State of California was committed by DONALD GOLDSTEIN; RUTH KOVEN also known as RUTH GOLDSTEIN; XAVIER PITASSI also known as SAM PITASSI; DONALD KOVEN also known as ED MOSS; ROBERT IVEY; LILLIAN BRINN; RUTH LUFTIG; JEAN TAXEY; SONAR DISTRIBUTORS, INC., a corporation; MOBILE STEREO, LTD., a corporation; MUNTZ MOBILE STEREO PAK, INC., in that they wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape with the intent to sell and cause to be sold, such tape on which such sounds are so transferred, to-wit: copies of a tape entitled SERGIO MENDES AND BRASIL

'66/CRYSTALL ILLUSIONS without the consent of the owner, A&M RECORDS.

All of which is contrary to the law in such cases made and provided, and against the peace and dignity of the People of the State of California. Declarant and complainant therefore prays that a warrant may be issued for the arrest of said defendant(s) and that ..... he ..... may be dealt with according to law.

Executed at Los Angeles, California, on 3-22-71. I declare under penalty of perjury that the foregoing is true and correct.

.....

Declarant and Complainant

Engrossed Statement on Appeal.

[Title and Cause]

PROCEDURAL FACTS

March 22, 1971

Complaint filed charging defendants with violations of section 653(h) of the Penal Code of the State of California in 140 counts. A declaration in support of the arrest warrant under section 2015.5 CCP is filed.

March 29, 1971

Defendants appear by Attorney Daye Shinn, are arraigned on the charges and enter pleas of not guilty. The trial is set for June 17, 1971. Defendants personally waived statutory time for trial.

April 15, 1971

Notice of Motion for Advancement of Trial filed.

April 26, 1971

Defendants appear by Attorney Daye Shinn. Defendants not in Court. Trial date to stand. Defense counsel will be available.

June 14, 1971

Defendants not in Court. A substitution of attorneys filed. Motion to Substitute Gottlieb and Locke in place of Daye Shinn is granted. On defendants' motion the case is continued to June 21, 1971, for a motion under Section 1538.5 of Penal Code, Motion to Traverse Warrant, Motion to Dismiss the Complaint on the grounds that section 653(h) of the Penal Code is unconstitutional. Time for trial was waived. Defendants are represented by attorney D. Gottlieb.

June 21, 1971

Defendants are represented by D. Gottlieb. Cause is continued to June 22, 1971, on defendants' motion. Defendants waive statutory time for trial.

June 22, 1971

Defendants in Court represented by Daniel M. Gottlieb. Cause is transferred to Division 15 for trial. A waiver of conflict of interest documents signed June 17, 1971, is filed. Points and authorities in support of motion to suppress and motion to dismiss filed. Defendants move to quash Search Warrant pursuant to Penal Code section 1538.5 and return all property on the following grounds:

a. The affidavit and testimony in support of the warrant are insufficient because they fail to set forth underlying circumstances necessary to enable the magistrate independently to

judge the validity of the informant's conclusion that defendants were without authority to reproduce the recordings.

b. The search warrant was issued without reasonable or probable cause in that

(1) California Penal Code Section 653(h) conflicts directly with Article I, Section 8, Clause 8 of the United States Constitution and the implementing Federal Statutes because it establishes a State copyright;

(2) California Penal Code Section 653(h) conflicts directly with Article I, Section 8, Clause 8 of the United States Constitution and the implementing Federal Statutes because it prohibits copying of public domain matter for unlimited times;

(3) The holdings of *Sears* and *Compco* not only apply to the instant case, but are dispositive of the question of the constitutionality of Penal Code Section 653(h).

People's Exhibit 1, Reporter's Transcript in re Search Warrant No. 3026, (2) copy of Search Warrant No. 3026, (3) unauthorized recording, (4) authorized recording are entered in evidence. Cause is argued. Court finds that affidavit was not defective and the motion is denied.

Defendants move to suppress evidence and for return of property under Penal Code Section 1531 on the grounds that the execution of the search warrant did not comply with requirements of Section 844 of the Penal Code. Evidentiary hearing

under Penal Code section 1531 is had. Defendants' motion for exclusion of witnesses is granted. Witnesses for defendants David Margulies and Xavier Pitassi are sworn. Counsel stipulate and Court orders witnesses Mrs. Friedman and Miss Aviles excused from further attendance and to be placed on call. Hearing adjourned to June 23, 1971.

June 23, 1971

Defendants represented by D. Gottlieb. Hearing resumes on defendants' motion under Penal Code section 1531. Witness for defendants sworn, Robert E. Reed. Motion submitted. Court finds that search warrant was valid and not subject to a motion to quash. Court finds there was full compliance with section 1531 Penal Code. Based on the two (2) findings, the Court denied defendants' motion to suppress under section 1538.5 of the Penal Code. Defendants moved to dismiss the complaint on the ground that the statute is unconstitutional. Court is adjourned to June 24, 1971.

June 24, 1971

Defendants represented by D. Gottlieb. Defendants made a motion to dismiss the Complaint on the following grounds:

a. California Penal Code Section 653(h) conflicts directly with Article I, Section 8, Clause 8 of the United States Constitution and the implementing Federal Statutes because it establishes a State copyright;

b. California Penal Code Section 653(h) conflicts directly with Article I, Section 8, Clause 8 of the United States Constitution and the

implementing Federal Statutes because it prohibits copying of public domain matter for unlimited times;

c. The holdings of *Sears* and *Compco* not only apply to the instant case, but are dispositive of the question of the constitutionality of Penal Code Section 653(h).

Defendants' Motion is denied. Pre-trial conference in chambers. Cause continued to June 28, 1971. Time is waived. Court orders personal appearance of defendants to be tried.

June 28, 1971

Pre-trial conference in chambers. Defendants represented by D. Gottlieb. As a result of the extensive conference in chambers, a plea bargain between the prosecution and defense and with the concurrence of the court is reached. Donald Koven, Ruth Koven and Donald Goldstein in open court, with full knowledge of the plea bargain and concurring in it, and leave of the court first obtained, withdraw their pleas of not guilty heretofore entered, and enter pleas of nolo contendere to Counts 1 through 10, inclusive, People and each defendant and their counsel in open court personally waive jury trial. Each defendant waives right to confrontation of witnesses and privileges against self-incrimination. Court finds the plea is fully and intelligently entered, and each defendant understands the nature of the crime, and consequences of such plea. Peoples' Exhibits 5 through 16 are admitted into evidence by reference, being property seized pursuant to the search warrant. The court imposed the following terms of probation as a result of the plea bargain, in which defendants concurred. Defendant Donald

Koven waives time for sentence. As to Count 1, defendant is granted summary probation for three years on certain conditions with six (6) months county jail suspended. Defendant Ruth Koven waives time for sentence. As to Count 1, summary probation is granted for three (3) years on certain terms and conditions, with ninety (90) days county jail suspended. Defendant Donald Goldstein waives time for sentence. As to Count 1, he is granted summary probation for three (3) years on certain conditions, with sixty (60) days county jail suspended. People's motion to dismiss Counts 11 through 140 as to defendants Donald Koven, Ruth Koven, and Donald Goldstein is granted. People move to dismiss all counts as to all other defendants. People's motion is granted in the interest of justice, each of such defendants through their counsel stipulate to probable cause.

June 29, 1971

Defendants in Court with counsel Daniel M. Gottlieb. Court clarifies and corrects terms of probation. Court delivers written expungement forms pursuant to section 1203.4 of the Penal Code of the State of California as to each defendant.

July 7, 1971

Defendants file Notice of Appeal. Court issues Certificate of Probable Cause pursuant to section 1237.5 of the Penal Code stating it does not believe such certificate is necessary.

Execution of sentence is stayed.

STATEMENT OF FACTS

People's Exhibit 1, Reporter's Transcript in re Search Warrant No. 3026, is attached hereto as

Exhibit 1 and incorporated herein by reference. People's Exhibit 2, copy of Search Warrant 3026, and affidavit in support thereof, is attached hereto as Exhibit 2, and incorporated herein by reference.

GROUNDS FOR APPEAL AND DESIGNATION OF RECORD

1. The affidavit in support of the warrant was insufficient under the United States Constitution, Amendments IV and XIV, and under the law of the State of California.

2. The Search Warrant was issued without reasonable or probable cause, in that section 653(h) of the Penal Code is invalid under the United States Constitution.

3. California Penal Code Section 653(h) conflicts directly with Article I, Section 8, Clause 8 of the United States Constitution and the implementing Federal Statutes because it establishes a State copyright;

4. California Penal Code Section 653(h) conflicts directly with Article I, Section 8, Clause 8 of the United States Constitution and the implementing Federal Statutes because it prohibits copying of public domain matter for unlimited times;

5. The holdings of *Sears* and *Compco* not only apply to the instant case, but are dispositive of the question of the constitutionality of Penal Code Section 653(h).

People's Exhibits 1 and 2 are made part of the Record on Appeal.

DATED: September 8, 1971.

ERICH AUERBACH
Judge of the Municipal Court

EXHIBIT 1.

Reporter's Transcript of Proceedings
Wednesday, March 3, 1971.

653h P.C.

[Title and Cause]

LOS ANGELES, CALIFORNIA, WEDNESDAY, MARCH 3, 1971.

—o—

(Whereupon, the following proceedings were held in chambers in Division 17.)

THE COURT: We are in chambers in Division 17. I understand this is in regard to search warrant number 3026?

MR. MARGULIES: Yes, your Honor.

THE COURT: You may proceed.

MR. MARGULIES: David Margulies of the City Attorney's Office, and this is Howard Smith. This is police officer Robert M. Reed and Miss Friedland and Miss Aviles; is that correct?

Actually, what I am going to do is, first, I would like to; this is an application for a search warrant.

Do you swear that the contents in there are true and to the best of your information and belief?

OFFICER REED: I do.

THE COURT: I had better swear the witness.

ROBERT E. REED

was called as a witness by and on behalf of the People, and having first been duly sworn, was examined and testified as follows:

THE COURT: Will you state your name, for the record, please?

THE WITNESS: Robert E. Reed.

MR. MARGULIES: Do you swear that the contents in this search warrant are true and to the best of your information and belief?

THE WITNESS: I do.

MR. MARGULIES: In this matter, Mrs. Friedland, you have talked to Officer Reed, the investigating officer, and with the City Attorney.

Would you please swear this witness?

JOSEPHINE JOY FRIEDLAND

was called as a witness by and on behalf of the People, and having first been duly sworn, was examined and testified as follows:

THE CLERK: Will you state your name, for the record, please?

THE WITNESS: Josephine Joy Friedland.

THE CLERK: Will you spell your last name, for for the record, please?

THE WITNESS: F-r-i-e-d-l-a-n-d.

EXAMINATION

BY THE COURT:

Q In this regard, according to the information given in this particular application for the search warrant, it states that you worked for this particular distributing company, under the names of Muntz Mobil Stereo Pak, Incorporated and Sonar Distributors, located at 4939 Lankershim Boulevard, in Hollywood, California, from September, 1970 to approximately the middle of February, 1971; is that correct?

A Yes.

Q It states at that time that you further were hired personally by Mr. Koven?

A Yes.

Q During that time that you had performed various jobs, including the splicing of duplicated 8-track stereo tapes, labeling of 8-track stereo cartridges, operation of a Viking 225 Duplicating machine, and the pulling of 8-track stereo tapes to fill invoices of Sonar Distributors and Muntz Mobil Stereo Pak, Incorporated?

A Yes.

Q And that you also described the fact as to some of the equipment there, the books and records as to how they were maintained and that your paycheck was personally signed, as I believe, by Mr. Koven, and then later his son-in-law; is that correct?

A Yes, sir.

MR. MARGULIES: Stepson, I believe, your Honor.

BY THE COURT:

Q The stepson, I believe, is Mr. Goldstein?

A Yes.

Q And that you had, in the course of your services there, it further states that you had actually operated a recording machine and that you had seen original tapes brought in for the use?

A Yes.

Q In other words, the information has primarily contained as related to here in this particular application is true and correct?

A Yes.

THE COURT: Now, Miss Aviles, you will be sworn in.

CELESTE LORRAINE AVILES

was called as a witness by and on behalf of the People, and having first been duly sworn, was examined and testified as follows:

THE CLERK: Will you state your name, for the record, please?

THE WITNESS: Celeste Lorraine Aviles.

THE CLERK: Will you spell your first name and your last name, for the record, please?

THE WITNESS: C-e-l-e-s-t-e, A-v-i-l-e-s.

EXAMINATION

BY THE COURT:

Q In the application for the warrant, it indicates that you had been employed by Donald Koven from approximately April, 1970 to February, 1971. This is the information you gave to the office of the City Attorney?

A Yes.

Q And that your duties included duplicating unauthorized 8-track stereo tapes, splicing, labeling of 8-track stereo tape cartridges and shrink wrapping; is that correct?

A Yes.

Q And that Donald Koven signed your checks until the time he changed the company name from Muntz Mobil Stereo Pak, Incorporated to Sonar Distributors, at which time Donald Goldstein signed the checks?

A Yes.

Q Donald Goldstein is a stepson of the owner, Mr. Koven?

A Yes.

Q And that also states that you had witnessed on numerous occasions a factory 8-track stereo cartridge opened, the tape removed and wound on the Viking 225 Master Play-back machine?

A Yes.

Q And that you explained roughly how the factory tape is packaged, the fact that it has the name of the

record company, as to local trademark, name of the album, artist and songs on it?

A Yes.

Q And that you, on numerous times, observed Donald Koven enter the location with labels, blank tapes and cartridges?

A Yes.

THE COURT: Thank you.

MR. MARGULIES: Will you swear Mr. Smith?

HOWARD S. SMITH

was called as a witness by and on behalf of the People, and having first been duly sworn, was examined and testified as follows:

THE CLERK: Will you state your name, for the record, please?

THE WITNESS: Howard S. Smith.

EXAMINATION

BY THE COURT:

Q Mr. Smith, you are an attorney licensed to practice law in the State of California; is that correct?

A Yes, your Honor.

Q In the application for the search warrant, it indicates here that you had or that you have related to Mr. Reed or to the City Attorney the fact that you knew of named recordings being reproduced without authority?

A I know that the recording companies, Columbia Records, A&M Records and ABC-Dunhill Records have not given any authority to Mr. Koven to reproduce or duplicate master recordings or phonograph records or tapes owned by them.

Q Are you aware of the fact that the sound recordings, Beatles on Capitol Records, Herb Alpert and Joe Cocker on A&M Records, Simon and Garfunkel on

Columbia Records, Three Dog Night and Steppenwolf on ABC-Dunhill Records are bootlegged or reproduced without authority?

A I am aware that any reproductions which these ladies made were made without authority, with respect to the companies I represent.

I have spoken to Mr. Robert Karp, who is an attorney and head of the Legal Department at Capitol and he informed me that Mr. Koven does not have authority with respect to the Beatles album.

THE COURT: Thank you very much.

Mr. Reed, I will ask you a few more questions.

BY THE COURT:

Q Mr. Reed, you actually have, as indicated, been a member of the Los Angeles Police Department for approximately 19 years; is that correct?

A Yes, sir.

Q And that you have been with the so-called Bunco squad for a period of approximately three years?

A That's correct, your Honor.

Q And as such, that you have performed investigation and contacted the various people referred to in the application for the warrant and the affidavit in support of petition for search warrant, and that you either, through your own knowledge or from statements contained therein, having been attributed to the people present here today, that you have prepared your affidavit in support of the petition of a search warrant?

A That's correct, your Honor.

THE COURT: Off the record.

(Whereupon, an off the record discussion was had.)

State of California, County of Los Angeles—ss.

I, LESTER M. ZIVE, an Official Reporter of the Municipal Court of the Los Angeles Judicial District, County of Los Angeles, State of California, do hereby certify that the foregoing transcript, consisting of 9 pages, is a true, complete and accurate transcription of my stenotype notes taken in the proceedings of the within-entitled matter on the 3rd day of March, 1971, in Division 17 of said court, the Honorable Pat Mullendore, Judge presiding;

Including all of the testimony, objections of counsel, and all matters to which the same relate.

DATED: June 21, 1971.

/s/ Lester M. Zive
LESTER M. ZIVE, C.S.R.
Official Reporter

EXHIBIT 2.

Search Warrant No. 3026.

In the Municipal Court of Los Angeles Judicial District County of Los Angeles, State of California.

The People of the State of California to any Sheriff, Constable, Marshall, Policeman, or any other peace officer in the County of Los Angeles:

Proof of affidavit having been this day made before me by ROBERT E. REED (#6899), Los Angeles Police Officer, that there is probable and reasonable cause for the issuance of the search warrant, as set forth in the affidavit attached hereto and made a part thereof as if fully set forth herein; you are, therefore, commanded to make immediate search in the daytime of the premises located and described as 4930 Lankershim Boulevard, North Hollywood, California, one unit of a green two-story building containing three units all with store fronts on Lankershim Boulevard, this unit having its entrance at the rear of the above address facing an alley which runs parallel with Lankershim Boulevard having the numbers 4930 on the door (see Exhibits One and Two); this unit occupied and controlled by Donald Koven, also known as Ed Moss, Ruth Koven, Donald Goldstein, and Xavier Pitassi also known as Sam Pitassi, collectively doing business as Muntz Mobil Stereo Pak, Inc. and Sonar Distributors, the following personal property, to wit: Invoices with the name Sonar Distributors and/or Mobil Stereo printed thereon dated between April, 1970 and March 3, 1971, showing orders of duplicated 8-track stereo tapes consummated, a red book approximately 3″ x 4″ containing the names of customers who purchased duplicated 8-track stereo cartridges, two Viking 225 tape duplicating machines with one (1) master tape deck

and five (5) slave recording machines each, two cellophane shrink wrap machines, cutting and splicing instruments, black on white catalogue sheets describing 8-track stereo tapes duplicated by Muntz Mobil Stereo Pak, Inc. and Sonar Distributors, title labels approximately 4½" x 2¾", plastic cartridges approximately 5¼" x 4", containing duplicated 8-track stereo tapes (see Exhibit Three attached hereto), empty plastic cartridges approximately 5¼" x 4", cardboard jackets used to cover the plastic cartridges; and 7" reels containing the 8-track stereo prerecorded factory tapes used as the masters from which unauthorized duplicates are made.

And if you find the same or any part thereof, to bring it forthwith before me at the Municipal Court of the Los Angeles Judicial District, County of Los Angeles, State of California, or to any other court in which the offense in respect to which the property or things taken is triable, or retain such property in your custody, subject to the order of this court pursuant to Section 1536 of the Penal Code.

Given under my hand and dated this 3rd day of March, 1971.

PAT MULLENDORE
Judge of the Municipal Court

Affidavit in Support of and Petition for Search Warrant.

In the Municipal Court of Los Angeles Judicial District, County of Los Angeles, State of California.

State of California, County of Los Angeles—ss.

Personally appeared before me this 3rd day of March, 1971, the affiant, ROBERT E. REED (#6899 Bunko-Forgery Division) a peace officer of the City of Los Angeles, who, on oath, makes complaint, and deposes and says that he does believe, that there is now

on the premises located at and also described as 4930 Lankershim Boulevard, North Hollywood, California, one unit of a green, two-story building containing three units all with store fronts on Lankershim Boulevard, this particular unit having its entrance at the rear of the above address facing an alley which runs parallel with Lankershim Boulevard having the numbers 4930 on the door (see Exhibits One and Two, attached hereto); this unit occupied by and controlled by Donald Koven, also known as Ed Moss, Ruth Koven, Donald Goldstein, and Xavier Pitassi, also known as Sam Pitassi, collectively doing business as Muntz Mobil Stereo Pak, Inc. and Sonar Distributors, the following personal property, to wit: invoices with the name Sonar Distributors and/or Mobil Stereo printed thereon, dated between April, 1970 and March 3, 1971, showing purchases of duplicated 8-track stereo tapes consummated, a red book approximately 3″ x 4″ containing the names of customers who purchased duplicated 8-track stereo cartridges between April, 1970 and March 3, 1971, two Viking 225 tape duplicating machines with one (1) master tape deck and five (5) slave recording machines each, two cellophane shrink wrap machines, cutting and splicing instruments, black on white catalogue sheets describing 8-track stereo tapes duplicated by Muntz Mobil Stereo Pak, Inc. and Sonar Distributors, title labels of duplicated 8-track stereo tapes approximately 4½″ x 2¾″, plastic cartridges approximately 5¼″ x 4″ containing duplicated prerecorded magnetic tape (see Exhibit Three, attached hereto), empty plastic cartridges approximately 5 1/3″ x 4″ used to house duplicated prerecorded magnetic tapes, cardboard jackets used to cover the plastic cartridge,

and 7″ reels containing the 8-track stereo prerecorded factory tapes used as the masters from which unauthorized duplicates are made.

Your affiant says that there is probable and reasonable cause to believe and that he does believe that the said property constitutes:

> Property or things in the possession of a person with the intent to use it as a means of committing a public offense, to wit: a violation of Section 653h Penal Code of the State of California.

Your affiant says that the facts in support of the issuance of the search warrant are as follows:

Your affiant has been a police officer for the past nineteen (19) years, employed in such capacity by the Los Angeles Police Department, and has acted and received the information set forth in this affidavit in that capacity.

Your affiant is now and has been for the past three (3) years assigned to the Bunko Detail of the Bunco-Fraud Division thereof.

On the date of March 3, 1971, at approximately 9:00 a.m. your affiant received information from Celeste Lorraine Aviles, Josephine Joy Friedland, and Howard S. Smith regarding the unauthorized reproduction of prerecorded 8-track stereo tapes. Josephine Joy Friedland states that she had been employed by Donald Koven, who operates a business under the name of Muntz Mobil Stereo Pak, Inc. and Sonar Distributors, located at 4930 Lankershim Boulevard, North Hollywood, California, from September, 1970 to the middle of February, 1971. Mrs. Friedland states that she was hired by Mr. Koven personally and told she would be reproducing and splicing prerecorded magnetic tapes. The supervisor of the operation at the

above address is Xavier Pitassi, also known as Sam Pitassi. The various jobs performed by Mrs. Friedland included splicing of duplicated 8-track stereo tapes, labeling of 8-track stereo cartridges, operation of a Viking 225 duplicating machine, and the pulling of 8-track stereo tapes to fill invoices of Sonar Distributors and Muntz Mobil Stereo Pak, Inc.

Josephine Joy Friedland described in detail the activity carried on at 4930 Lankershim Boulevard, North Hollywood. She indicated that they made prerecorded stereo 8-track tape reproductions spliced together to from a continuous loop wound on a hub and encased in plastic cartridges approximately 5¼" x 4". These 8-track stereo tapes were reproductions of 8-track stereo tapes manufactured by most of the major recording companies. An authorized factory 8-track stereo tape, one manufactured by an authorized recording company, would be purchased from a retail outlet to be utilized as the master from which many unauthorized duplicates would be made. This factory 8-track stero tape would be taken out of its cartridge and placed on a 7 inch reel which would in turn be placed on a Viking 225 tape deck play-back unit. Utilizing five tape recording machines connected to this play-back unit, five duplicates of the factory 8-track stereo tape would be made. The duplicating machine used is known as a Viking 225. After the duplicate copies of the 8-track stereo tape were recorded they would be taken off the recording machines and placed into one-half of the plastic cartridge. The tape is then spliced, creating a continuous loop, at which time the other half of the plastic cartridge is secured to the half containing the prerecorded 8-track stereo magnetic tape. The label con-

taining the name of the tape, title, artist and selections on the tape is then affixed to the cartridge. The cartridge is then placed in a jacket and the completed package is shrink wrapped by machine in cellophane; and placed on a shelf.

Mrs. Friedland indicates that from six to seven hundred cartridges a day are produced in this manner, and that the finished product is sold and shipped daily to persons all over the country.

Mrs. Friedland states that she has seen the following factory 8-track stereo tapes duplicated: Beatles on Capitol Records, Herb Alpert and Joe Cocker on A&M Records, Simon and Garfunkel on Columbia Records, Three Dog Night and Steppenwolf on ABC-Dunhill Records. Mrs. Friedland states many others were duplicated but cannot recall their exact names.

Mr. Howard S. Smith, Attorney at Law and member of State Bar of California, stated to affiant that he knows that the above named recordings are being produced without the authority of the named recording companies and artists. Mr. Smith, as an attorney, represents several different recording companies whose recordings are being reproduced without consent.

Attached to the affidavit will be an exhibit marked *4* showing an authorized 8-track stereo tape recording produced by Apple Records, Inc. and an unauthorized 8-track stereo tape marked Exhibit Three made by Mr. Donald Koven and sold and distributed by Muntz Mobil Stereo Pak, Inc. and Sonar Distributors. The authorized 8-track stereo tape was supplied by Mr. Howard S. Smith and the unauthorized 8-track stereo tape was recorded by Sonar Distributors and Donald Koven and supplied by Celeste Lorraine Aviles.

Mrs. Friedland states that the list of customers who purchased duplicated 8-track stereo tapes from Munoz Mobil Stereo Pak, Inc. and Sonar Distributors are kept in a red book which measures approximately 4″ x 3″. Besides customer names the book contains the amount of duplicated 8-track stereo tapes purchased by each customer and the amount they paid for them. The invoices for orders and shipping are prepared by Xavier Pitassi, also known as Sam Pitassi, in triplicate. The merchandise is shipped by parcel post, Greyhound and air freight on a daily basis.

Mrs. Friedland indicates that Mr. Donald Koven is generally present at the location at 4930 Lankershim Boulevard, North Hollywood, and is one of the owners of Muntz Mobil Stereo Pak, Inc. and Sonar Distributors, and is one of the persons who would sign her checks for payment of wages. Mr. Koven would discuss the association that the "bootleg" tape manufacturers have and the court case that they were fighting.

Mr. Donald Goldstein was also present at the location on several occasions and is known to Mrs. Friedland as Donald Koven's stepson. Mr. Goldstein is another person who signed checks for wages and took part in the business operation and might also be one of the owners of the companies in question.

Mrs. Friedland states that catalogue sheets containing the unauthorized duplicated 8-track stereo tapes reproduced by Muntz Mobil Stereo Pak, Inc. and Sonar Distributors are at 4930 Lankershim Boulevard. They have black print on white paper.

Celeste Lorraine Aviles states to affiant that she was employed by Donald Koven from April, 1970 to February, 1971. Her duties included duplicating unauthor-

ized 8-track stereo tapes, slicing, labeling of 8-track stereo tape cartridges and shrink wrapping. Donald Koven signed her checks for wages up until the time he changed the company name from Muntz Mobil Stereo Pak, Inc. to Sonar Distributors, at which time Donald Goldstein signed the checks.

Miss Aviles states she is in accord with those statements made by Mrs. Friedland and can add some additional information.

She witnessed, on numerous occasions, a factory 8-track stereo cartridge opened, the tape removed and wound on the Viking 225 master play-back machine. Miss Aviles explains that a factory tape is a cartridge which has the name of a record company, its logo, trademark, name of the album, artist and songs on it. Miss Aviles states that from this master duplicates were produced as described by Mrs. Friedland.

Miss Aviles states she observed Donald Koven enter the location on numerous occasions with labels, blank tapes and cartridges.

Your affiant commenced the actual physical mechanics of preparing this affidavit and attached search warrant at 9:00 a.m. of March 2, 1971; and your affiant affixed his signature under oath to this affidavit before the undersigned magistrate at the time and date attested by said magistrate; the elapsed time reflected herein has been diligently utilized by your affiant in the mechanics of physically preparing these documents, locating and consulting with Deputy City Attorney David L. Margulies, in reference to the aforementioned preparation; locating the appropriate magistrate and transporting these documents to the magistrate for his official action in connection therewith.

Your affiant has reasonable cause to believe that grounds for the issuance of a search warrant exist, as set forth in Section 1524 of the Penal Code, based upon the aforementioned information, facts and circumstances.

Your affiant prays that a search warrant be issued, based upon the above facts, for the seizure of said property, or any part thereof, in the daytime, and that the same be brought before this magistrate or retained subject to the order of this court, or of any other court in which the offense in respect to which the property or things taken is triable, pursuant to Section 1536 of the Penal Code.

ROBERT E. REED

Subscribed and sworn to before me on this March 3-1971, at ..... a.m. PAT MULLENDORE, Judge of of the Municipal Court.

MULLENDORE, Judge of the Municipal Court.

PROCEEDINGS BELOW.

Opinions and Orders in the court below are printed in the Petition for Writ of Certiorari at Appendices A through D, inclusive.

PETITION FOR A WRIT OF CERTIORARI

ILE COPY

IN THE

Supreme Court of the United States

Supreme Court,
FILE
MAR 15 1
MICHAEL RODAK, JR

October Term, 1971

No. .....

DONALD GOLDSTEIN, RUTH KOVEN, and DONALD KOVEN,

Petitioners,

vs.

STATE OF CALIFORNIA,

Respondent.

Petition for a Writ of Certiorari to the Appellate Department of the Superior Court of the County of Los Angeles, State of California.

ARTHUR LEEDS
PAUL T. LOCKE,
DANIEL M. GOTTLIEB,
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IN THE

Supreme Court of the United States

October Term, 1971

No. .....

DONALD GOLDSTEIN, RUTH KOVEN, and DONALD KOVEN,

Petitioners,

vs.

STATE OF CALIFORNIA,

Respondent.

PETITION FOR CERTIORARI.

Donald Goldstein, Ruth Koven and Donald Koven, here and after referred to collectively as Petitioners, hereby petition for a Writ of Certiorari to review the decision of the Appellate Department of the Superior Court of the County of Los Angeles, State of California.

Citation to Proceedings Below.

The opinion of the Appellate Department of the Superior Court of the County of Los Angeles, State of California, has not been published.

Jurisdiction.

The opinion of the Appellate Department of the Superior Court of the State of California for the County of Los Angeles in the instant matter, is set out in Appendix "A" and was entered on November 12, 1971.

A timely petition for rehearing or in the alternative transfer to the Court of Appeal, was filed November 16, 1971.

An order denying rehearing and granting Certification was entered on November 30, 1971, and is set out at Appendix "B". The "Order Certifying Cause to the Court of Appeal", which sets out the question presented to said Court, was also entered November 30, 1971 and a copy of said order is set out at Appendix "C".

The Order denying such transfer was entered by the Court of Appeals, State of California, Second Appellate District, Division 2, on December 16, 1971, and filed on said date, and a copy of said order is set out at Appendix "D".

Jurisdiction to review the proceedings in the Court below is conferred on this Court by Title 28 U.S.C. §1257(2).

Question Presented for Review.

The following question is presented for review by this Court:

> "May the State of California, through its criminal laws, grant copyright protection for unlimited times to sound recordings in the Public Domain, in direct conflict with Article I, §8, Clause 8 of the United States Constitution and the implementing Federal Copyright laws and policy."

Constitutional and Statutory Provisions.

This case involves the following Constitutional and Statutory provisions:

1. Article I, §8, Clause 8 of the Constitution of the United States, which provides as follows:

> "Congress shall have power . . . To promote the Progress of Science and Useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

2. Title 17, United States Code, Sections 1 (e), 1 (f), and 101 (e).

3. California Penal Code §653h which provides as follows:

> "(a) Every person is guilty of a misdemeanor who:
>
> "(1) Knowingly and willfully transfers or causes to be transferred any sounds recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with intent to sell or cause to be sold, or to use or cause to be used for profit through public performance, such article on which such sounds are so transferred, without the consent of the owner.
>
> "(2) Sells any such article with the knowledge that the sounds thereon have been so transferred without the consent of the owner.
>
> "(b) As used in this section, 'person' means any individual, partnership, corporation or association; and 'owner' means the person who owns the master phonograph record, master disc, master tape, master film or other device used for repro-

ducing recorded sounds on phonograph records, discs, tapes, films or other articles on which sound is recorded, and from which the transferred recorded sounds are directly or indirectly derived.

"(c) This section shall neither enlarge nor diminish the right of parties in private litigation.

"(d) This section does not apply to any person engaged in radio or television broadcasting who transfers, or causes to be transferred, any such sounds (other than from the sound track of a motion picture) intended for, or in connection with, broadcast transmission or related uses, or for archival purposes."

Statement of Case.

This case involves the narrow, but important question, of whether a state may use its criminal laws to prohibit the copying of items, here sound recordings, which have been sold in large numbers on the open market. In the instant case the petitioners were arrested and charged in a misdemeanor complaint with 144 separate violations of California Penal Code §653h.

The specific charges each alleged that on or about March 3, 1971 and continuously for a period of 11 months immediately prior thereto, the defendants each knowingly manufactured, or sold prerecorded tapes copied ("transferred") from certain musical sound recordings without the consent of the specific record company which owned the rights to the master recording of such copied sound recordings.

As noted below, the petitioners challenged the constitutionality of Penal Code §653h at every step of the proceedings. However, after the trial court refused to

rule the statute unconstitutional, and after preserving their right to appeal under California law,[1] the petitioners pleaded guilty to ten counts of knowingly manufacturing or knowingly selling such copied sound recordings. The petitioners were then each sentenced under Count 1 to six months in the county jail, sentence suspended and given summary probation for three years. The terms of the probation required that each petitioner pay a fine of $500.00 or serve 100 days in the county jail. Further, under the terms of the probation the petitioners are required to refrain from the making of further copies of sound recordings, or selling such copies, without "the consent of the owner of the original." The remaining counts were dismissed.

The State of the Proceedings, and the Manner, in Which the Federal Questions Here Sought to Be Reviewed Were First Raised.

The question here sought to be reviewed, that is, the constitutionality of the California Copyright Statute (*sub noma* California Penal Code §653h) was raised at the very outset of this case. The petitioners moved to quash the search warrant and to have all the property seized thereunder returned on the grounds, *inter alia,* that California Penal Code §653h conflicts directly with Article I, §8, Clause 8 of the United States Constitution and the implementing Federal Statutes because (1) it establishes a state copyright; and (2) it prohibits copying of public domain matter for unlimited times. At that point the petitioners also moved to quash the search warrant on the further grounds that California Penal Code §653h was in direct conflict with this

[1]California Penal Code Section 1237.5.

Court's decision in *Sears, Roebuck and Co. v. Stiffel Co.*,[2] and *Compco Corp. v. Day-Brite Lighting, Inc.*[3] The trial court denied the petitioners' Motion to Quash and held that the Search Warrant was valid.

Petitioners, through their attorney, then made a motion to dismiss the complaint on the grounds set out above with respect to the motion to quash the search warrant. Again the court denied the motion. Thereafter on appeal the petitioners again raised the question of the constitutionality of Section 653h. In fact petitioners were joined by the State in urging the trial court to decide this matter. The Appellate Court noted that:

> "At oral argument, both counsel urged us to decide this case on the broad ground of the Constitutionality of California Penal Code §653h". (Appendix A) (Actually the petitioners had urged the Court to so decide the issue in its brief on appeal as well as at oral argument.)

The Appellate Department of the Superior Court of the State of California for the County of Los Angeles affirmed the trial court's decision on the basis of *Tape Industries Association v. Younger*[4] and *Capitol Records, Inc. v. Erickson.*[4a] The petitioners then moved to have the case transferred to the California Court of Appeals to decide the constitutionality of Penal Code Section 653h. The Superior Court, Appellate Division certified the transfer of the case to the Court of Ap-

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[2]376 U.S. 225 (1964), hereafter referred to as *"Sears"*.

[3]376 U.S. 234 (1964), hereafter referred to as *"Compco"*.

[4]360 F. Supp. 340 (C.D. Cal. 1970), hereafter referred to as *"TIAA"*.

[4a]2 Cal. App. 3d 526 (1969), hereafter referred to as *"Capitol Records"*.

peals on the grounds that it was "necessary to settle an important question of law", to wit, "is Section 653h of the California Penal Code constitutional"? (Appendix C.)

The Court of Appeals, without opinion, ordered that such transfer be denied, and under California law the petitioners had thereby exhausted all their state court appeals. The petitioners have, therefore, filed the instant petition with this Court.

REASONS FOR THE GRANT OF CERTIORARI.

The petitioners request this Court to grant a Writ of Certiorari for the following reasons.

1. The Question Here Presented Is of Major Importance to a Whole Industry and Requires a Determination by This Court.

In October 1971 the President signed Pub. L. 92-140. That law established, for the first time, a limited copyright in sound recordings,[4b] and it also removed the exemption from the Federal criminal laws for violation of a copyright in the underlying musical composition.[4c] Section 3 of the law provides, *inter alia:*

> "The provisions of Title 17, United States Code as amended by Section 1 of this Act shall apply only to sound recordings fixed, published, and copyrighted on and after the effective date of this Act and before January 1, 1975, and nothing in Title 17, United States Code, as amended by Section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with

[4b] Title 17 U.S.C. §1(f).

[4c] Under 7 U.S.C. §101(e), as amended, there is no longer any exemption from criminal prosecution as there was under the old law.

respect to sound recordings fixed before the effective date of this Act."

Thus, Congress has granted copyright protection only to sound recordings fixed during the relatively short period between February 15, 1972 and January 1, 1975. However, Congress has still not granted copyright protection to pre February 15, 1972 recordings.[4d] Nevertheless, California and a few other states have attempted to protect such pre February 15, 1972 sound recordings by enacting their own copy-right laws.[4e] The effect is to disrupt an industry which has estimated annual sales in excess of One Hundred Million Dollars ($100,000,000.00).[4f] If California Penal Code §653h and the other state copyright laws are allowed to stand they will no doubt cripple this industry, which operates validly under paramount Federal Law.[4g] The result to the consumer will of course be higher prices which must result from this state sanctioned monopoly.

It is also important to note that there is a severe risk of a multiplicity of Civil and criminal actions arising

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[4d]It is very doubtful that Congress could have done so even if it wanted to because those recordings are already in the public domain.

[4e]Only a few (less than ten) of the states have enacted laws similar to California Penal Code §653h. See *e.g.* Section 441-c of the New York Penal Law and Chapter 890, Senate Bill No. 748, Texas Statutes.

[4f]H.R. Rep. No. 92-487, 92nd Cong., 1st Sess. at 2.

[4g]No claim has been made in the instant action that the members of the industry in general, or petitioners in particular, have failed to comply with the requirements of Federal law. That is, under Federal law the petitioners and others are entitled to use the compulsory licensing features of Title 17 U.S.C. Section 1(e) and 101(e). *Dutches Music Corp. v. Stern*, 331 F. Supp. 127 (D.C. Ariz. 1971). If petitioners or others fail to comply with sections 1(e) and 101(e) Federal law provides an ample remedy, and there is no need, nor room, for intervention from the various states.

from different interpretations of the *Sears* and *Compco* case by the various state courts.[4h] Thus, more is at issue here than the liberty and finances of the individual petitioners, though such individual liberty and finances of the petitioners and others should not be overlooked. It

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[4h]For example, compare the decision of the court below in the instant case and the decision of the highest court of Maryland in *State's Attorney for Prince George's County v. Sekular*, 249 Md. 499, 240 A.2d 608 (M.D. Ct. App. 1968).

In that case it appeared that the State of Maryland produced and sold uncopyrighted books of detailed land maps. The plaintiff, who "made a business of reproducing some of the maps and offering them for sale to the public" (240 A.2d at 609) brought an action to enjoin the enforcement of Maryland's anti-duplicating law which purported to make it a misdemeanor to "reproduce or duplicate such maps" for purposes of sale (Art. 81, §232A, Md. Laws).

At the trial of the matter the plaintiff testified that he simply made duplicates (photocopies) of the state's map book and sold his duplicates at a substantially lower price than the state's originals. The plaintiff claimed he had a right to do so under the Federal Constitution (240 A.2d at 609) and the court agreed with him. The court reasoned that under *Sears* and *Compco* the questioned statute was unconstitutional.

> "As the State points out, there are some copyright cases which seem not to follow *Sears* and *Compco*, but they are distinguishable from the instant case chiefly because they are concerned with 'misappropriation' and 'unfair competition' laws. But §232A is not an 'unfair competition' statute . . . It is not aimed at the prohibition of any use which would mislead the public as to the source of the map; it simply prohibits absolutely their *reproduction* or *duplication* for the purpose of selling them for profit thereby creating a monopoly for the state.
>
> "Our holding in the case at bar, therefore, goes no further than a declaration that §232A is in conflict with the Federal copyright law, Title 17, U.S.C. §1 *et seq.*, and that by virtue of the supremacy clause of the Federal "constitution, Art. VI, it is invalid." 240 A.2d at 612. (Emphasis added.)

The *State's Attorney, etc.* case cannot be distinguished from the instant case. Here, as in that case, the questioned state statute seeks to establish a monopoly by preventing coyping or duplication. Here, as in that case, the statute is not concerned with protecting the public from being mislead. The conclusion should thus be that here, as in that case, the statute is unconstitutional.

is therefore necessary for all involved that this court settle what has become a very unsettled area.[5]

2. The Holdings of Sears and Compco Not Only Apply to the Instant Case, but Are Dispositive of the Question of the Constitutionality of Penal Code Section 653h.

In *Sears* and *Compco,* this Court held that a state statute which prohibits copying of an unpatented or uncopyrighted item is unconstitutional because it conflicts with paramount Federal law.

> "Today we have held in Sears, Roebuck & Co. v. Stiffel Co., supra, that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy the article. To forbid copying would interfere with the federal policy, found in Art. I, §8, cl. 8 of the Constitution and in the implementing federal statutes of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain." *Compco, supra,* 376 U.S. at 238.

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[5]There is another reason why the Court should grant Certiorari in the instant case. Petitioner Koven is a plaintiff in the *TIAA* case. That case was appealed to this Court under Title 28 U.S.C. §1253. The respondents in that case asked this Court to dismiss the appeal on the grounds that this Court lacked appellate jurisdiction. The appeal was so dismissed by this Court (401 U.S. 902) and is now pending in the United States Court of Appeals for the Ninth Circuit (Case No. 26,628).

The respondents in *TIAA* have asked the Court of Appeals to dismiss the appeal on the basis of *Younger v. Harris,* 401 U.S. 37 (1971) which was decided after the decision by the trial court in *TIAA.*

The Court of Appeals has not ruled on that motion yet but if it dismisses the *TIAA* case Petitioner Koven will have no chance to have his case heard on appeal unless this Court grants a Writ of Certiorari. Petitioners respectfully submit that if the procedure for challenging the constitutionality of state laws, as set out in *Younger v. Harris,* is to work when it is necessary for this Court to grant Certiorari when state courts have refused to apply paramount Federal law.

In the instant case there is no question but that the sound recordings copied or sold by petitioners were *not* covered by copyright. Further, a simple reading of Penal Code §653h establishes that its purpose is to prohibit the copying or sale of uncopyrighted articles in direct conflict with the holdings of this Court in the *Sears* and *Compco* case.

There can here be no question of the state simply inacting a "labelling statute." The statute in question prohibits all copying or selling no matter how the product is labelled. Nevertheless the Court below refused to apply *Sears* and *Compco* on the basis of "the holding of *Tape Industries Association of America v. Younger.*" In that case the Court distinguished *Sears* and *Compco* as follows:

> "*Sears* and *Compco* could cover and immunize the plaintiffs here only if they had copied and imitated the product—that is, if they had listened to the sounds performed and embodied on the records and then had expended the necessary sums to copy and imitate the sounds on their own tapes." *TIAA, supra,* at 350.[6]

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[6]After the *TIAA* decision, the alleged distinction became even more obscure. In *Sinatra v. Goodyear Tire & Rubber,* 435 F.2d 711 (9th Cir. 1970) *cert. denied* 402 U.S. 906 (1971), a case arising under the diversity jurisdiction of the court, the plaintiff alleged that the defendant had copied her recorded performance of a particular musical composition, "These Boots Are Made For Walkin' "; that plaintiff had, through her recording, developed a secondary meaning in her performance; and that defendants by copying that performance were attempting to cause confusion in the minds of the public and were thereby "passing off" their performance as being that of plaintiff. The trial court entered summary judgment for defendant.

The Ninth Circuit, in an opinion written by one of the Judges in *TIAA,* affirmed and reasoned, *inter alia,* that the

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The *TIAA* court, and the court below would thus limit *Sears* and *Compco* to "imitation" type copying only. This is apparently done to allow the states to protect the expenditure of time and money by record companies and musicians.

There is nothing in either the facts or the language of either *Sears* or *Compco* to support such a distinction. The *TIAA* court and the court below would apparently permit copying as long as the method of copying does not "appropriate" the other's development and production efforts. But under federal law these factors are immaterial. In *Sears* the court stated:

> "An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's *design*. . . . This it had every right to do under the federal patent laws. That Stiffel originated the pole lamp and made it popular is immaterial. 'Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all. . . .'" (376 U.S. at 231) (emphasis added.)

There is no indication that Sears Roebuck and Co., expended funds in developing a pole lamp design; it simply copied Stiffel's design, thus necessarily appropriating Stiffel's development costs. This court express-

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plaintiff's claim was barred by this Court's decision in *Sears* and *Compco*, reasoning:

> "[A]s Judge Hand pointed out in his dissent in Capitol *Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657, 666-667 (2d Cir. 1955) to allow unfair competition protection where Congress has not given federal protection is in effect granting state copyright benefits without the federal limitations of time to permit definite public domain use." 435 F.2d at 718.

ly recognized the fact that the costs of advertising (popularization) and even of developing an item's goodwill may be appropriated. There is no basis for saying that production costs—where Congress has denied protection—may not also be appropriated.[7] *Sears* and *Compco* were not based on the type or ex-

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[7]Congress has in fact specifically, and repeatedly, refused to grant copyright protection to sound recordings fixed or published prior to February 15, 1972. The House Report (Report of Committee on Patents, H.R. Rep. No. 2222, 60th Cong. 2d, Sess. 10) which accompanied the bill that became Title 17 U.S.C. § 1(e)—before it was amended by Public Law 92-140—stated immediately following the discussion of Section 1(e):

> "It is not the intention of the committee to extend the right of copyright to the mechanical reproductions themselves, but only to give the composer or copyright proprietor the control, in accordance with the provisions of the bill of the manufacture and use of such devices."

Further, no less than 31 bills had been unsuccessfully introduced in Congress between 1906 and 1951, which if enacted, would have provided coyright protection to sound recordings fixed or published prior to February 15, 1972. (Staff. of Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 86th Cong., 2d Sess. *The Unauthorized Duplication of Sound Recordings* [7 Comm. Print. 1961] (Study No. 26, by Barbara Ringer) at 31-37.) In addition, in 1930, during the Seventy-First Congress, second session, a bill, HR12549, was reported favorably by the Committee on Patents (H.R. Rep. No. 1687, 71st Cong., 2d Sess. (1430), H.R. Rep. No. 1898, 71st Cong., 2d Sess (1930), and H.R. Rep. No. 2016, 71st Cong., 2d Sess. (1930)). That bill contained a provision, at paragraph "(q)", listing sound recordings as one of the classes of copyrightable works, thereby granting full copyright protection to such sound recordings.

The Committee on Patents reported HR12549 favorably, with paragraph "(q)" intact. However, when the bill reached the floor of the house, that paragraph was stricken by unanimous consent (74 Cong. Rec. 2034 (1931)), and the bill without paragraph "(q)" was passed by the House and the Senate. Petitioners suggest that this action taken by Congress on HR12549, as well as the Congressional action taken on the original copyright law and on the numerous attempts to amend the copyright law prior to Public Law 92-140, are a clear expression of the Congressional will to refuse recordings fixed or published prior to February 15, 1972, the monopoly protections of copyright.

tent of the copying involved,[8] but upon the conclusion that an unpatented or uncopyrighted article in the public domain is not entitled to any protection at all. In short, as this Court stated in *Sears:*

> "The judgment below . . . gave Stiffel the equivalent of a patent monoploy on its unpatented lamp. That was error. . . ." 376 U.S. at 233.

Similarly, in *Compco* this Court stated that:

> "[I]f the design is not entitled to a design patent or other federal statutory protection, then it can be copied at will. . . . That an article copied from an unpatented article *could be made in some other way* . . . or that there may be 'confusion' among purchasers as to which article is which or as to who is the maker, may be relevant evidence in applying a State's law requiring such precautions as labeling; however, and regardless of the copier's motives, neither these facts *nor any others* can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling. (Emphasis added.) (376 U.S. at 238-29.)[9]

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[8]In *Compco,* for example, this Court held that an item in the public domain can be copied "in every detail". (376 U.S. at 238).

[9]The petitioner's view of *Sears* and *Compco* is supported by the reliance of this Court, in *Sears,* on *G. Ricordi and Co. v. Haendler,* 194 F.2d 914 (2d Cir. 1952). In *G. Ricordi*—the only case cited by this Court in support of its holding that a state may not prohibit the copying of an uncopyrighted article (376 U.S. at 233)—the copier made photographic copies of the plaintiff's books so that he could use a cheap offset method of printing to produce an identical book, when he then sold. This was not an "imitation" type of copying. Rather, it was the exact kind of copying proscribed by Penal Code §653h, as it can reasonably be said that Petitioners were charged with and convicted of making "electronic photographs" of phonograph records.

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In the instant case, if California Penal Code §653h is allowed to stand the state will have created a monopoly in favor of record companies with respect to pre February 15, 1972 sound recordings which is even greater than the copyright monopoly created by Congress (Public Law 92-140) for post February 15, 1972 sound recordings. Such a monopoly created by one state in favor of one of its favorite enterprises, to the determent of interstate commerce and the general consumer, is not compatible with the goal of uniform national copyright laws, as announced in *Sears* and *Compco.*[10]

It is in the interest of the public and the copyright proprietor of the underlying musical composition[11] to permit widespread duplication of popular performances which Congress has determined should be in the public domain.[12] The states cannot subvert this deter-

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Judge Learned Hand, writing for a unanimous court, held in *G. Ricordi* that whether the book could be protected was a question for Federal law, not State law, and since the book was not copyrighted "the defendant was free to photograph and sell the plaintiff's book." (194 F.2d at 916.) Further, the *G. Ricordi* court specifically overruled anything to the contrary in *Fonotipia Limited v. Bradley,* 171 Fed. 951 (1908), a District Court case which had prohibited the duplication of musical recordings as unfair competition under state law.

[10]The position of the tape copiers with respect to the current monopoly aspects of the recording industry is set out at Hearings on S 646 and H. R. 6927, House of Representatives, Committee on the Judiciary, Subcommittee No. 3, 92nd Cong., 1st Sess. (1971) at pages 82-114.

[11]Federal law has always provided protection for such copyright proprietor (Title 17 U.S.C. §§ 1(e) and 101(e)), while nevertheless allowing unlicensed copying if there is compliance with such sections. *Dutches Music Corp. v. Stern,* 331 F. Supp. 127 (D.C. Ariz. 1971).

[12]There should be little doubt that the performances embodied on sound recordings are in the public domain since they are not copyrighted and have been generally sold to the public. *Gantz v.*

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mination by granting the equivalent of copyright protection.

Harris, 98 F. Supp. 906, 910 (S.L.N.Y. 1951) aff'd (with approval on this point) and modified (on other grounds) 198 F.2d 585 (2d Cir. 1952); *McIntyre v. Double-A Music Corp.*, 166 F. Supp. 681 (S.D. Cal. 1958). The only possible argument that the sale of countless copies of a recorded performance does not constitute publication is that such recorded performances are not copyrightable. However, this argument must fall in light of the strong public policy favoring a uniform national copyright law. Further, the protection granted under Penal Code §653h is unlimited whereas under the copyright laws it would be limited to twenty-eight (28) years.

This exact question of whether the complete commercial exploitation of a product, not subject to copyright, constitutes a publication was discussed by Judge Learned Hand in *Fashion Originators Guild v. F.T.C.*, 114 F.2d 80, 83 (2d Cir. 1940) *aff'd.* 312 U.S. 457 (1941).

> "When in this country the Constitution (§8, cl. 8, Art. I) gave to Congress power to 'secure' to authors the 'exclusive Right to their * * * Writings,' it was to be only 'for limited Times,' and did not allow a perpetual copyright. The purpose so disclosed is certainly inconsistent with the assumption that an author—notwithstanding publication and full enjoyment of his 'common law property'—might maintain his monopoly for 'unlimited Times'."

The Court held:

> "It would certainly be a strangely perverse anomaly that turned the grant of statutory copyright into a detriment to the 'author'; yet it would be hard to prove that the statutory remedies conferred made up for the limitation of the monopoly. Omission of property from the act would be a bonanza to those who possessed property of that kind." *Fashion Originators Guild, supra,* at 83.

It is interesting to note that Judge Hand's opinions, written well before *Sears* or *Compco,* consistently held that there was no room for state law controls over matters which were "writings" within the meaning of Article 1, Section 8, Clause 8 of the United States Constitution. Judge Hand so held in such cases as *G. Riccordi v. Haendler, supra; Fashion Originators Guild v. F.T.C., supra; Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279 (2d Cir. 1929) cert. den. 281 U.S. 728 (1930); and finally in his dissent in *Capitol Records v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955).

In the *Capitol Records* case Judge Hand would have held that state law may not prohibit the unlicensed copyring (or duplication) of phonograph records. It is important to note that Judge Hand's dissent in that case has been referred to as "prophetic" in light of this Court's decisions in *Sears* and *Compco. CBS v. DeCosta,* 377 F.2d 315, 319 (1st Cir. 1967).

3. Petitioners' Position Is Supported by the Leading Copyright Authority in the United States.

Professor Melville B. Nimmer has written in his authorative treatise on the law of literary, musical and artistic property, *Nimmer On Copyright* at pages 55-56, (1971 Supplement):

> "Note that Chapter 982, Section 441-c of the New York Penal Law, and California Penal Code Section 653h both provide that record priacy (transferring of recorded sounds) for purposes of profit, or the knowing sale of records thus made, constitutes a misdemeanor. (See also Los Angeles Municipal Code, Section 42.19.1) Insofar as the records thus pirated have been theretofore published, the constitutionality of such penal provisions is *most* questionable under the *Sears* and *Compco* doctrine." (Emphasis added.)

At another point Professor Nimmer discusses the cases, relied on by the Court below to uphold the constitutionality of Penal Code Section 653h, as follows:

> "The main distinction relied upon in these cases is that 'there is a vital distinction between imitating an unprotected item (which was done in *Sears* and *Compco*) and the actual appropriation of another's work product, skill and investment as was done in the instant case' . . . It is difficult to see any substance in this asserted distinction between 'copying' and 'appropriation.' How does 'appropriation' in record piracy differ from 'copying' in *Sears* and *Compco*? In neither case is there an actual taking of the plaintiff's *tangible* work product. In each case there is a reproduction of the plaintiff's creative work. It is true that in the case

of record piracy such reproduction is accomplished by mechanical means rather than via the human hand or ear, but why is that significant? Could any greater state law liability attach to the photographic reproduction of a Rembrandt (or other public domain painting) than would be true in the case of a free hand copying? If phonograph records were protected by statutory copyright, clearly such protection could prohibit reproduction by tape duplication or other mechanical means. Assuming, then, the rationale of *Sears* and *Compco*, Congressional withholding of such copyright protection precludes state law liability for such reproduction." *Nimmer On Copyright*, at 18 (1971 Supplement).

4. Petitioners' Position Is in Accord With the Position of the United States Department of Justice.

The Department of Justice, through the Office of the Deputy Attorney General, filed an opinion letter with the House of Representatives committee studying Senate Bill 646.[13]

The letter states that under existing law sound recordings are not copyrightable; that the record industry has been able to fashion some protection "against competitors who commercially transcribe their recorded performances, based upon the misappropriation theory of *International News Service v. Associated Press*, 248 U.S. 215, 236 (1918)"; and that "the Court of Appeals for the First Circuit has held that *Sears* and *Compco* overruled *International News Service*. *Colum-*

[13]Hearings on S 646 and H.R. 6927, House of Representatives Committee on the Judiciary Subcommittee No. 3, 92nd Cong., 1st Sess. (1971), at pages 121-123.

bia Broadcasting System, Inc. v. De Costa, 377 F.2d 315, 318 (C.A. 1)."

The Justice Department then states in the letter:

> "*We believe that extending copyright to recordings is the soundest, and in our interpretation of Sears and Compco, the only way in which sound recordings should be protected.* Copyright protection is narrowly defined and limited in duration, whereas state remedies, whose validity is still in doubt, create broad and unwarranted perpetual monopolies." (Emphasis added.)

The above quotation is a clear statement of support by the Justice Department for appellants' position in the instant case.

Conclusion.

For the reason stated above Petitioners request that this Court issue a Writ of Certiorari in the instant case.

Respectfully submitted,

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By ARTHUR LEEDS,
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Of Counsel.

APPENDIX A.

Opinion of the Superior Court of the State of California.

In the Appellate Department of the Superior Court, of the State of California for the County of Los Angeles.

People of the State of California, Plaintiff and Respondent, vs. Donald Goldstein, et al., Defendants and Appellants. Superior Court No. CR. A. 10672.

Trial Court No. 381759.

On Appeal from the Municipal Court of the Los Angeles Judicial District, County of Los Angeles, State of California. Erlch Auerbach, Judge (653(h)PC).

This cause having been argued and submitted and fully considered, judgment is ordered as follows:

It is Ordered and Adjudged that the judgment made and entered in the Municipal Court of the Los Angeles Judicial District, County of Los Angeles, State of California, in the above entitled cause be and the same is hereby affirmed. The appeal from the order denying motion to suppress evidence under Penal Code §1538.5 and the non appealable order denying motion to dismiss is dismissed.

MEMO.

At oral argument, both counsel urged us to decide this case on the broad ground of the constitutionality of California Penal Code section 653(h). On this score, we agree with the holding of *Tape Industries Association of America vs. Younger* [C.D. Cal. 1970] 360 F. Supp. 340 that said section is permissible state regulation directed against theft and appropriation of salable products and does not unconstitutionally intrude on federal policies enunciated in the Copyright Clause

(U.S. Const. art I §8 cl. 8). Based upon that case and the reasoning in *Capitol Records, Inc. vs. Erickson* [1969] 2 Cal. App. 3d 526 [82 Cal. Rptr. 798], we affirm the judgments.

In their brief, appellants raise certain issues as to the search warrants. Upon the record before us, we see no prejudicial errors present in this phase of the appeal.

NOV. 12, 1971.

BY THE COURT.

WHYTE
Presiding Judge.

WONG
Judge.

ZACK
Judge.

APPENDIX B.

Order Denying Rehearing and Granting Certification.

Appellate Department of the Superior Court, of the State of California for the County of Los Angeles.

People of the State of California, Plaintiff and Respondent, vs. Donald Goldstein, et al., Defendants and Appellants. Superior Court No. CR. A 10672, Municipal Court of the Los Angeles Judicial District No. 381759.

The petition of appellants for a rehearing after judgment of this court on appeal, or, in the alternative, petition for certification of cause of the Court of Appeal in the above-entitled case, having been filed and having been duly considered,

The petition for rehearing is hereby denied;

The alternative petition for certification of cause to the Court of Appeal is granted.

Dated November 30, 1971.

BY THE COURT.
WHYTE
Presiding Judge
WONG
Judge
ZACK
Judge

APPENDIX C.

Order Certifying Cause to Court of Appeal.

Appellate Department of the Superior Court, of the State of California for the County of Los Angeles.

People of the State of California, Plaintiff and Respondent, vs. Donald Goldstein, et al., Defendants and Appellants. Superior Court No. CR. A 10672, Municipal Court of the Los Angeles Judicial District No. 381759.

Pursuant to Rule 63(a), (b) and (c), California Rules of Court, upon timely motion of the appellants, we certify that the transfer of the above-entitled cause to the Court of Appeal appears necessary to settle an important question of law.

The question so presented is:

Is Section 653(h) of the California Penal Code constitutional?

Appellants attack said section mainly on the basis of *Sears Roebuck & Co. v. Stiffel Company* [1964] 376 U.S. 225 [11 L.Ed.2d 661] 84 S.Ct. 184 and *Compco Corp. v. Day-Bright Lighting, Inc.* [1964] 376 U.S. 234 [11 L.Ed.2d 669] 84 S.Ct. 779, while in our opinion holding the section constitutional we relied upon the distinguishing features set out in *Tape Industries Association of America v. Younger* [C.D. Cal. 1970] 316 F.Supp. 340 and *Capitol Records, Inc. v. Erickson* [1969] 2 Cal.App.3d 526 [82 Cal.

Rptr. 798]. A copy of our brief opinion is attached hereto.

Dated: Nov. 30, 1971.

BY THE COURT.
WHYTE
Presiding Judge
WONG
Judge
ZACK
Judge

APPENDIX D.

Order Denying Transfer.

In the Court of Appeal of the State of California, Second Appellate District, Division Two.

People of the State of California, Plaintiff and Respondent, v. Donald Goldstein, et al., Defendants and Appellants. 2d Crim. No. 21081, Superior Court No. CR. A. 10672, Trial Court No. 381759.

THE COURT:

The record on transfer in the above entitled cause having been filed in this court on December 2, 1971, pursuant to certification made by the Appellate Department of the Superior Court of Los Angeles County, and this court having considered the matter of whether such cause should be transferred to this court for hearing and decision,

NOW, THEREFORE, IT IS ORDERED that such transfer be and it hereby is denied.

FILE COPY

Supreme Court, U.S.
F I L E
MAY 6 1
MICHAEL RODAK, JR.

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1971

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN, and DONALD KOVEN,

Petitioners,

vs.

STATE OF CALIFORNIA,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1971

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN, and DONALD KOVEN,

Petitioners,

vs.

STATE OF CALIFORNIA,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondent, the State of California, opposes the Petition for Writ of Certiorari to the Appellate Department of the Superior Court of the State of California for the County of Los Angeles and respectfully suggests that no sufficient grounds exist for the granting of that petition because:

1. This case presents no special and important reasons of the character specified in Rule

19 of the Revised Rules of the Supreme Court of the United States;

2. The judgment of the court below, the Appellate Department of the Superior Court of the State of California for the County of Los Angeles, is correct; and

3. The legal issue raised by the petition is neither novel nor the subject of improper or conflicting determinations, but has been correctly and uniformly decided contrary to petitioners' contentions by the Courts of Appeals for the Ninth and Tenth Circuits, the courts of California, Illinois, New York and North Carolina, and a Three Judge District Court for the Central District of California, and there is no need for this Court to review that legal issue.

QUESTION PRESENTED

Petitioners do not accurately state the only question which the record in this case

might possibly raise for review by this Court. That question is whether the State of California may proscribe, by its criminal statutes, the piracy[1] of sound recordings fixed prior to February 15, 1972.[2]

1/ Piracy has become the common term to describe the conduct for which petitioners were convicted. See: Shapiro, Bernstein & Co. v. Remington Records, Inc., 265 F.2d 263, 269, 273 (2nd Cir. 1959); Tape Industries Association of America v. Younger, 316 F.Supp. 340, 351 (C.D. Cal. 1970), appeal dism'd., 401 U.S. 902 (1971), appeal pending, U.S. Ct. App. 9th Cir., No. 26,628; Capitol Records, Inc. v. Erickson, 2 Cal.App.3d 526, 528 n.2; 82 Cal.Rptr. 798, 799 n.2 (1969), cert. denied, 398 U.S. 960 (1970); Capitol Records, Inc. v. Spies, 264 N.E.2d 874, 877 (Ill.App. 1970); Liberty/UA, Inc. v. Eastern Tape Corp., 11 N.C.App. 20, 180 S.E.2d 414, 416-18, appeal dism'd., 287 N.C. 702, 181 S.E.2d 600 (1971); Note "Piracy On Records" 5 Stan.L.Rev., 433 (1953).

2/ The date on which sound recordings became eligible for the limited copyright protection established by Public Law 92-140, 85 Stat. 391 (1971)

Petitioners have attempted to "load the question" by stating that the California statute making record piracy a crime grants "copyright protection',[3/] and by calling that statute "the California copyright statute",[4/] which prevents "copying" of sound recordings in the "public domain".[5/] But these epithets do not properly characterize the California statute or the conduct which that statute prohibits. As respondent shall demonstrate in this brief, that statute is in no sense a "copyright statute" and does not grant "copyright protection" or prohibit the "copying" of anything, particularly anything in the "public domain". That statute has been aptly characterized as "a larceny statute or an un[f]air [sic] competition law.[6/]

3/ Petition at 2.

4/ Petition at 5 and 8.

5/ Petition at 2, 5 and 8, n. 4d.

6/ Tape Industries Association of America v. Younger, supra, n. 1, 316 F.Supp. at 351.

STATUTES INVOLVED

This case involves the following statutory provisions:

1. California Penal Code §653h (West 1970), which is set out verbatim in Appendix A;

2. Section 2 of the Copyright Act, 17 U.S.C. §2 (1970), which is set out verbatim in Appendix B; and

3. Public Law 92-140, 85 Stat. 391 (1971), which is set out verbatim in Appendix C.

STATEMENT OF THE CASE

Petitioners are admitted tape pirates and record pirates.[7/] Petitioners' business is the mass duplication of phonograph records, the labelling of such duplicates with the titles of the records from which they are made, and the commercial sale for profit of those duplicates. On June 28, 1971, petitioners were convicted, upon pleas of nolo contendere, of ten counts of violating §653h of the California Penal Code. Petitioners concede that petitioner Donald

7/ See cases cited at note 1, supra.

Koven is one of the plaintiffs in Tape Industries Association of America v. Younger, 316 F.Supp. 340 (C.D. Cal. 1970), appeal dism'd., 401 U.S. 902 (1971), appeal pending, U.S. Ct. App. 9th Cir., No. 26,628 (hereinafter referred to as "TIAA v. Younger").[8/] Koven's "business", which led to his conviction for violating §653h, is described by the district court's opinion in TIAA v. Younger as follows:

> "Plaintiffs Pressman, Koven, Holmquist and Holmquist are in the business of making and selling sound tapes and cartridges. These plaintiffs purchase on the open market longplaying disc phonograph records which have been manufactured and sold through the usual commercial channels by record companies. Such disc phonograph records are generally referred to as albums and they usually contain 10 to 12 performances of one artist or group of artists. A label containing the

8/ Petition at 10, n. 5.

title or name of the album, the name of the record company, is affixed to each of the albums and the packages in which they are sold.

After purchasing an album, plaintiffs Pressman, Koven, Holmquist, and Holmquist make a tape recording of the exact sounds recorded on the album. The tape is made by playing the album on a record player connected to a tape recorder which turns out a tape. When this master tape is finished, it is placed on a machine known as a 'tape playback deck'. The 'tape playback deck' is connected to machines known as 'tape slaves' which in turn make additional tape recordings of the sounds which have been transferred from the record album to the master tape. A large number of 'tape slaves' may be connected to one 'tape playback deck' so that a correspondingly large number of tape recordings can be made at

one time. After the tapes have been made by use of the 'tape playback deck' and the 'tape slaves', each of the new tapes is placed on a hub. Each hub is placed into a plastic cartridge, and the ends of the tape are spliced together so that it forms a continuous 'loop' in the cartridge. The cartridge is sealed, tested, packages, and labeled." 613 F. Supp. at 342-43.

The record in this case, which is contained in an engrossed statement on appeal, contains the testimony of two former employees of petitioners, Celeste Lorraine Aviles and Josephine Joy Friedland. They described in detail the means by which petitioners pirated prerecorded stereophonic tapes which had been manufactured and sold by commercial record companies, by manufacturing and widely distributing throughout the United States substantial quantities of pirated tapes. The testimony of Miss Aviles and Miss Friedland, as set forth in the Affidavit in Support of and Petition for Search Warrant, which is contained in

Exhibit "2" to the Engrossed Statement on Appeal, is set out verbatim in Appendix D.

SUMMARY OF RESPONDENT'S ARGUMENT

Petitioners were convicted of violating the California statute by pirating recordings which were fixed prior to February 15, 1972 and which are thus ineligible for the limited copyright protection granted by §1 of Public Law 92-140, 85 Stat. 391 (1971). It has long been the law that the sale of such phonograph records does not dedicate to the public the right to duplicate the recorded performances embodies or fixed in the records. Accordingly, an unbroken line of cases has held that the unauthorized piracy or appropriation of performances, including recorded performances, is unlawful and that neither the copyright clause of the Constitution nor the Copyright Act abrogates the power of the states to protect performances against such theft. This result is perfectly consistent with the Copyright Act, which, in §2,[8a/] expressly recognizes and permits common law rights in "unpublished" works.

8a/ 17 U.S.C. §2 (1970).

The decisions of this Court in Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) and Compco Corp. v. Day-Brite Lighting Inc., 376 U.S. 234 (1964) do not require reversal of the decision below and the consequent overruling of the many decisions which have held unlawful the piracy of sound recordings fixed prior to February 15, 1972. Sears and Compco involved the right to imitate or simulate mechanical devices which could not qualify for patent protection. Those cases do not pertain to the issues raised by this petition, first, because the California statute does not purport to prohibit the imitation or simulation of recorded performances embodied on phonograph records, and second, because Congress has, in §2 of the Copyright Act, unlike the Patent Act, expressly provided that there may be common law protection of unpublished "works."

Additionally, in §3 of Public Law 92-140, 85 Stat. at 392 (1971) Congress expressly recognized that "rights" may exist in sound recordings fixed prior to the availability of federal copyright protection for sound recordings, and expressly provided that "nothing in Title 17, United States

Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act."

ARGUMENT

I

RECORDED PERFORMANCES FIXED PRIOR TO FEBRUARY 15, 1972 ARE NOW AND ALWAYS HAVE BEEN PROTECTABLE UNDER STATE LAW.

The unauthorized duplicating or pirating of both live and recorded performances has been condemned by a long line of decisions of the federal and state courts, which have held unlawful and granted injunctions to prohibit the appropriation of performances: "off the air", Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc., 42 Misc. 2d 723, 248 N.Y.S.2d 809 (Sup.Ct. 1964) (News reports); Metropolitan Opera Ass'n., Inc. v. Wagner-Nichols Recorder Corp., 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), aff'd., 279 App.Div. 632, 107 N.Y.S.2d 795 (1951) (opera broadcast); from

other "master recordings", Capitol Records, Inc. v. Mercury Record Corp., 109 F.Supp. 330 (S.D. N.Y. 1952), aff'd., 221 F.2d 657 (2d Cir. 1955), RCA v. Premier Albums, Inc., 19 App. Div. 2d 62, 240 N.Y.S.2d 995 (1963); or from phonograph records sold to the public, Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup.Ct. 1964); Capitol Records, Inc. v. Erickson, 2 Cal.App.3d 526, 82 Cal.Rptr. 798 (1969), cert. denied, 398 U.S. 960 (1970); Capitol Records, Inc. v. Spies, 264 N.E.2d 874 (Ill. App. 1970); Liberty/UA, Inc. v. Eastern Tape Corp., 11 N.C. App.20, 180 S.E. 2d 414, appeal dism'd., 278 N.C. 702, 181 S.E.2d 600 (1971). See Gieseking v. Urania Records, Inc., 17 Misc.2d 1034, 155 N.Y.S.2d 171 (Sup. Ct. 1956).

The Federal Trade Commission, as early as 1919, held that the unauthorized duplication of piano rolls constituted appropriation of the ingenuity, labor and expense of the originator and was an unfair method of competition under §5 of the Trade Commission Act. Orient Music Roll Co., 2 F.T.C. 176 (1919).

II

THE SEARS AND COMPCO DECISIONS DO NOT SANCTION RECORD PIRACY.

A. Neither the Holdings nor the Reasoning of Sears and Compco Apply to or Sanction Record Piracy.

The California statute prohibits record piracy, which is the unauthorized duplication of phonograph records. That statute does not restrict in any way the playing of phonograph records, or the imitation or simulation of the performances embodied in those records. Petitioners argue that the decisions of this Court in Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) and Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964) "[a]re Dispositive of the Question of the Constitutionality" of the California statute.[9/] The facts and holdings of Sears and Compco pertain only to the right to "copy" mechanical items which are not protected by a patent and are "in the

[9/] Petition at 10.

public domain". Thus, in order for the reasoning of Sears and Compco to be construed to permit pirates to duplicate phonograph records, the owners of the recorded performances embodied in those records must have done some act which dedicates to the public the right to duplicate those recorded performances and sell such duplicates commercially for profit; and, if there has been such an act, petitioners' pirated tapes must be "copies" of the records from which they were duplicated in the same sense that the pole lamp made by Sears and the lighting fixture made by Compco were "copies" of the lamp and fixture which they imitated. But neither of these facts exist with respect to pirated tapes, and therefore, Sears and Compco are not at all in point here.

(i) The Sale of Phonograph Records Does Not Dedicate to the Public the Right to Duplicate Those Records.

Petitioners claim that the sale of phonograph records is an act which dedicates to the public the right to duplicate those recorded performances. But the numerous

decisions cited above have expressly held that the sale of phonograph records to the public does not "constitute a dedication of the right to copy and sell the records." Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657, 663 (2d Cir. 1955).

A phonograph record is simply a means of rendering a performance audible to a large audience. That the sale of phonograph records is not a "publication" and does not place the recorded performance in the "public domain" and dedicate the right to duplicate that performance for profit, is simply the logical result of the settled rule that the rendition of a public performance, no matter how great or extensive the audience, does not constitute a publication or dedication by the owner of the right to duplicate the performance. See Ferris v. Frohman, 223 U.S. 424 (1912), holding that public performance of a play does not constitute a publication or dedication of the play and does not deprive the owner of his common law rights in the play; Uproar Co.v. National Broadcasting Co., 8 F.Supp. 358, 362 (D.Mass. 1934), modified and aff'd., 81 F.2d 373 (1st Cir.

1936), holding that a radio broadcast does not dedicate the performance to the public at large or divest the owner of the performance of his rights thereto; King v. Mister Maestro, Inc., 224 F.Supp. 101 (S.D. N.Y. 1963), holding the public delivery of a speech to an "enormous crowd" accompanied and followed by radio and television broadcasts and rebroadcasts and the exhibition of movie newsreels of that speech is not a general publication which divests the owner of the speech of his rights in it and that, accordingly, phonograph records cannot be made of the speech without the owner's consent.

(ii) Pirated Tapes are not "Copies" of the Recorded Performances Embodied on Phonograph Records in the Same Sense that the Pole Lamp and Lighting Fixture Involved in Sears and Compco were "Copies" of the Lamp Fixture They Imitated.

One of the fundamental errors of petitioners' argument is the premise that petitioners' pirated tapes are "copies" of

the phonograph records and prerecorded tapes from which those pirated tapes are duplicated in the same sense that the pole lamp involved in Sears and the lighting fixture involved in Compco were "copies", i.e., imitations or simulations, of another pole lamp and another lighting fixture.[10/]

10/ Petitioners' arguments are based on the unstated and false premise that the word "copy" has one immutable inherent meaning without regard to the conduct and circumstances involved. But words do not have such rigidly fixed meanings, as pointed out in the opinion of Chief Justice Traynor in Pacific Gas & Electric Co. v. G. W. Thomas Drayage & Rigging Co., Inc., 69 Cal. 2d 33, 38, 69 Cal.Rptr. 561, 564-65, 442 P.2d 641, 644-45 (1968):

> "Words, . . . do not have absolute and constant referents. 'A word is a symbol of thought but has no arbitrary and fixed meaning like a symbol of algebra or chemistry. . .' The meaning of particular words or groups of words varies with the '. . .verbal context and surrounding circumstances and purposes in view of the linguistic education and experience of their users and their hearers or readers (not excluding judges). . . . A word has no meaning apart from these factors; must less does it have an objective meaning, one true meaning.'" (citations of

(continued)

But pirated tapes are not imitations or simulations at all of the only thing -- the recorded performance -- that makes a phonograph record valuable and saleable. When a pirated tape is played, the listener hears the one and same recorded performance he hears when the phonograph record or prerecorded tape from which the pirated tape has been duplicated is played. Petitioners thus do not sell "copies" of recorded performances in the same sense that Sears, Roebuck sold "copies" of the Stiffel pole lamp; petitioners sell the original recorded performance.

The pirated tapes which petitioners and all other tape pirates make and sell have value and are saleable only because petitioners and all other tape pirates label

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10/ (continued)

authorities omitted). The word "copy" may have many different meanings. See White-Smith Music Pub. Co. v. Apollo Co., 209 U.S. 1 (1908).

their pirated tapes with the name of the artist and the title of the album duplicated,[11/] so that the public knows that when it is purchasing a pirated tape it is purchasing a means of hearing the original recorded performance by the original performer just as it would hear that performance on the phonograph record album from which the tape has been duplicated, and not on a "copy" or "imitation" of that original performance. Petitioners are able to sell this original performance because a phonograph record can be used not only as a means of causing a recorded performance to become audible, but also, with modern electronic technology, as a "die" for inexpensively reproducing and duplicating that performance.

Proof of the proposition that Sears and Compco do not sanction piracy is precisely that in order for the pirated tapes to be

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11/ See the testimony of Miss Friedland in Appendix D, and Capitol Records, Inc. v. Erickson, supra, 2 Cal.App.3d at 537, 82 Cal.Rptr. at 805-806.

saleable, petitioners must and do inform the public that the pirated tapes petitioners sell contain and are the means of hearing the original performances embodied in the records from which those tapes have been duplicated. Petitioners so inform the public by labeling their pirated tapes with the title of the pirated record album and the name of the performer whose performance is embodied in that album.[12/] Certainly an

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[12/] Petitioners thereby commit two additional separate torts: unfair competition by appropriating the title of the recorded performance, Jackson v. Universal International Pictures, Inc., 36 Cal.2d 116, 222 P.2d 433 (1950); and unfair competition by using the names of performers for commercial purposes in violation of the rights of the record company which has by contract acquired that right in connection with the sale of phonograph records, Fairfield v. American Photocopy Equipment Co., 138 Cal.App.2d 82, 291 P.2d 194 (1955); Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc., 202 F.2d 866 (2d Cir. 1953), cert. denied, 346 U.S. 816 (1953); Ettore v. Philco Television Broadcasting Corp., 229 F.2d 481 (3rd Cir. 1956), cert. denied, 351 U.S. 926 (1956). See Capitol Records, Inc. v. Erickson, supra, 2 Cal.App.3d at 538, 82 Cal.Rptr. at 806.

unlabelled cartridge of prerecorded tape, or a cartridge of prerecorded tape labelled a "song" performed by "some singers" is not nearly as desirable or saleable as a cartridge labelled with the title of a "hit" record album and the name of a famous performer. This demonstrates that petitioners have not "copied" in the same sense that Sears and Compco "copied" - by imitating and simulating the product and selling that product under their own names - but that petitioners have in fact appropriated valuable recorded performances and sold those appropriated performances under the same name as the original.

(iii) Sears and Compco Do Not Support Petitioners' Claim that Federal Law Has Preempted the Power of the Courts to Proscribe Record Piracy.

Petitioners argue in effect that Sears and Compco announced a broad general doctrine of federal preemption which abrogated the power of the states to proscribe record piracy and tape piracy[13/]

13/ Petition at 6 and 10-16.

and by implication overruled the numerous prior cases holding that record piracy is unlawful. Sears and Compco do not so hold, expressly or by implication; the identical argument of "general preemption" which petitioners make here has been made to many federal and state courts and has been expressly rejected by every court which has considered it, most recently by the Court of Appeals for the Ninth Circuit in Duchess Music Corp. v. Stern,[14/] and by the Court of Appeals for the Tenth Circuit in Tape Head Co. v. RCA Corp., 452 F.2d 816, 819 n. 1 (10th Cir. 1971), and by the appellate courts of California, Illinois and North Carolina in Capitol Records, Inc. v. Erickson, 2 Cal.App.3d 526, 82 Cal Rptr. 798, (1969), cert. denied, 398 U.S. 960 (1970); Capitol Records, Inc. v. Spies, 264 N.E.2d 874, 877 (Ill. App. 1970); Liberty/UA, Inc. v. Eastern Tape Corp., 11

14/ Court of Appeals for the Ninth Circuit No. 71-1854, decided March 13, 1972, reversing 331 F.Supp. 127 (D. Ariz. 1971). (The opinion of the Court of Appeals has not yet been published.)

N.C. App. 20, 180 S.E.2d 414, 417, appeal dism'd., 287 N.C. 702, 181 S.E.2d 600 (1971). Shortly after Sears and Compco were decided by this Court, this argument was rejected by the New York courts in Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc., 42 Misc.2d 723, 726-767, 248 N.Y.S.2d 809, 812-813 (Sup. Ct. 1964) and Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc.2d 878, 525 N.Y.S.2d 553, 555-557 (Sup.Ct. 1964).

Respondent recognizes that these federal and state court decisions are, of course, not binding on this Court. Respondent believes, however, that the reasoning of these decisions is most persuasive and that their interpretation of Sears and Compco is correct.

B. The Other Cases Cited by Petitioners Are Not In Point.

Petitioners have not cited one case which holds expressly or by implication that the sale of phonograph records dedicates to the public the right to duplicate and thereby appropriate the performances

embodied in those records and to sell such duplicates commercially for profit. Insofar as counsel for respondent have been able to ascertain, there is no reported decision of any court which has held that the commercial piracy in which petitioners engage is lawful.

Cases such as G. Ricordi and Co. v. Haendler, 194 F.2d 914 (2nd Cir. 1952), dealing with the copying of a printed work which had been copyrighted but on which the copyright had expired, and State's Attorney v. Sekuler, 249 Md. 499, 240 A.2d 608 (1968), dealing with copying a map which could have been, but was not copyrighted, are plainly irrelevant to the question of the legality of the duplication of phonograph records fixed prior to February 15, 1972 - because such records embody performances, the rights to which are not lost by rendition of the performance; and because an unbroken line of federal and state cases have recognized that the sale of phonograph records does not grant the purchaser of a single record the right to duplicate that record and sell the duplicates commercially for profit. (G. Ricordi and Co. v. Haendler, supra, can

hardly be authority that record piracy is legal for that case was decided by the Court of Appeals for the Second Circuit prior to that court's opinion in Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2nd Cir. 1955), which expressly held that the sale of records does not dedicate to the public the right to duplicate those records and that the unauthorized duplication of a master recording is unlawful.)

Columbia Broadcasting System, Inc. v. DeCosta, 377 F.2d 315 (1st Cir.), cert. denied, 389 U.S. 1007 (1967) is in no way apposite here. In that case DeCosta claimed that the leading character of Paladin in CBS's television series "Have Gun, Will Travel", was copied from a character which DeCosta created and portrayed in live appearances. CBS's alleged conduct was, if true, the "imitation" of a character conceived by plaintiff. DeCosta did not involve duplication or conduct by which the defendant held out that its character "Paladin" was the "original DeCosta", or "the original Paladin created by DeCosta", as petitioners here hold out that their

pirated tapes contain the original performances by the original performers.

Fashion Originators Guild v. Federal Trade Comm., 114 F.2d 80 (2nd Cir. 1940), aff'd. 312 U.S. 457 (1941) is not authority for the proposition that after the sale of a phonograph record, federal law deprives the states of the power to prohibit the unauthorized duplication of the record. This Court did not adopt the reasoning of the Court of Appeals that, as a matter of federal law, the sale of dresses was a publication of the designs which brought them into the "public demesne", so that those designs might be copied with impunity. Rather, this Court held that whether "systematic copying of dress designs is itself tortious. . . is a question of state law. . . ." 312 U.S. at 468. (Emphasis added.)

The other cases cited by petitioners are equally inapposite and unsupportive of petitioners' contentions.

III

THE CALIFORNIA STATUTE IS NOT A COPYRIGHT STATUTE AND IS A LEGITIMATE EXERCISE OF STATE POLICE POWER.

Since Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834) this Court has consistently recognized the availability of common law protection, necessarily of unlimited duration, under state law, for unpublished works which, if published, would have to be protected exclusively under the Copyright Act. See also Little v. Hall, 59 U.S. (18 How.) 165 (1856) and Paige v. Banks, 80 U.S. (13 Wall.) 608 (1872). The Copyright Act expressly reserves to the states the jurisdiction and power to protect sugh rights under what has come to be known as "common law copyright". 17 U.S.C. §2 (1970).

Sears and Compco did not hold, either expressly or by implication, that the sale of phonograph records is a "publication" of those records so that the owners of the recorded performances lose their common law rights to prohibit duplication and appropriation of these performances. There is nothing in Sears and Compco, or in the

policy underlying those cases, which requires this Court to disregard and in effect overrule the many cases decided both before and after Sears and Compco, which have held that the sale of phonograph records does not dedicate to the public the right to duplicate the records and thereby appropriate and sell the very recorded performances embodied on those records. The Court of Appeals for the Second Circuit, in Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657, 663 (2nd Cir. 1955), and numerous state courts which have condemned record piracy have held that the legality of piracy is to be determined by state law. This is perfectly consistent with §2 of the Copyright Act and with Sears and Compco, and with other decisions of this Court, such as Ferris v. Frohman, 223 U.S. 424 (1912), and Fashion Originator's Guild v. Federal Trade Comm., 312 U.S. 457 (1941).

The gist of petitioners' claim is that Sears and Compco require a choice between only two alternatives: protection under a federal statute, or no protection at all. But this claim fails to recognize that the facts and holdings of Sears and Compco

dealt with patent interests, where Congress has indeed prescribed that alternative, but that record and tape piracy involve what are essentially copyright interests, where Congress has expressly provided a third alternative in §2 of the Copyright Act -- common law protection by the states for "unpublished works".

In Sears, the Stiffel Co. had obtained both design and mechanical patents for its pole lamp, and the trial court had invalidated those patents. Under the Patent Act, there was only one result possible -- no legal protection against the copying of the product. Similarly, in Compco, the Day-Brite Corp. had sought both mechanical and design patents, and was refused a mechanical patent and granted a design patent, and the trial court held the design patent invalid. Again, only one result was possible -- no legal protection against copying of the product.

There is no equivalent of 17 U.S.C. §2 in the Patent Act. For this reason alone, the holdings of Sears and Compco, which deal with the results of the sale of mechanical devices which were either

unpatented or for which patents were invalidated, are not relevant to this case, which does not deal with anything which is an "invention" subject to being patented.

It is apparent that upon analysis, petitioners' arguments reduce to the assertion that Sears and Compco have by implication overruled Ferris v. Frohman, reversed many decisions of the lower federal courts and the state courts, and repealed §2 of the Copyright Act. This assertion is untenable. This Court in Sears, expressly recognized the existence and availability of common law state protection under §2 of the Copyright Act, 376 U.S. at 231, n. 7, and, the Court of Appeals for the Ninth Circuit, in Cable Vision, Inc. v. KUTV, Inc., 335 F.2d 348, 351 (9th Cir. 1964), cert. denied, 379 U.S. 989 (1965), recognized that state actions "based upon common law copyright" survive after Sears.

IV

COMPELLING REASONS OF POLICY AND FAIRNESS SUPPORT THE RIGHT OF THE STATES TO PROTECT SOUND RECORDINGS FIXED PRIOR TO THE AVAILABILITY OF FEDERAL PROTECTION.

There is no merit or substance whatever to petitioners' claim that §653h of the California Penal Code has created a "monopoly" in favor of record companies.[15] There are at least 900 legitimate commercial record companies operating in the United States.[16] Under existing law any one of those companies or anyone else who is willing to incur the expense and take the risk may hire arrangers, performers, musicians and other necessary artists, engineers and technicians and produce a recorded performance of a musical

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[15] Petition at 15.

[16] TIAA v. Younger, supra, 316 F.Supp. at 343.

composition -- even one which "sounds just like" another recorded performance of that musical composition.[17/] For this reason the prohibition of record and tape piracy -- the unauthorized duplication and sale of a recording produced, manufactured and sold by someone else-- does not in any way further monopoly or restrict competition. Both the Senate Judiciary Committee and the House Judiciary Committee clearly recognized this fact in rejecting the argument of certain pirates that phonograph records should be subject to compulsory licensing provisions similar to the compulsory licensing provisions for copyrighted musical compositions established by §1(e) of the Copyright Act. See Senate Report No. 92-72, 92d Cong. 1st Sess. (1971) at 6 and House Report No. 92-487, 42d Cong., 1st Sess. (1971) at 4-5.

17/ This is the principle of Sinatra v. Goodyear Tire & Rubber Co., 435 F.2d 711 (9th Cir. 1970), cert. denied, 402 U.S. 906 (1971); and Davis v. Trans World Airlines, 297 F.Supp. 1145 (C.D. Cal. 1969). See S. Rep. No. 92-72, 92d Cong., 1st Sess. (1971) at 6; Cong. Rec. 5940, Col.2 (Daily ed., Apr. 29, 1971)

Indeed, record and tape piracy are fundamentally anti-competitive, as recognize by Barbara A. Ringer, Assistant Register of Copyrights, in her testimony in favor of the passage of Public Law 92-140 before Sub-committee No. 3 of the Committee on the Judiciary of the House of Representatives:

> "The record industry, taken as a whole is a highly competitive industry. There is ease of entry; there are a lot of small companies.
>
> "If someone can come in, and legally skim off the hits, who is going to suffer, the small company or the large company? And if it is the small company that suffers from the lack of Federal legislation, then it would seem to me that the effect of the bill would be to promote competition rather than monopoly." Hearings on S.646 and H.R. 6927 before Subcommittee No. 3 of the House Committee on the Judiciary, 92d Cong., 1st Sess. (1971) at 20.

The disastrous impact which record and tape piracy are having on the legitimate

record industry, on performers, musicians, and other persons who earn their livelihoods from the sale of phonograph records and legitimate tapes, and on the federal and state governments, which are losing revenue on account of the activities of the pirates, was cogently detailed in the Reports of the Senate Judiciary Committee and House Judiciary Committee on Public Law 92-140.

> ". . . While it is difficult to establish the exact volume or dollar value of current piracy activity, it is estimated by reliable trade sources that the annual volume of such piracy is now in excess of $100 million. It has been estimated that legitimate prerecorded tapes sales have an annual value of approximately $300 million. The pirating of records and tapes is not only depriving legitimate manufacturers of substantial income, but of equal importance is denying performing artists and musicians of royalties and

contributions to pension and welfare fund and Federal and State governments are losing tax revenues." S.Rep. No. 92-72, 92d Cong. 1st Sess. (1971) at 3-4. See H.R.Rep. No. 92-487, 92d Cong. 1st Sess. (1971) at 2.

The disastrous impact of record piracy on all segments of the legitimate music industry was reiterated in the hearings on S. 646 (which became Public Law 92-140) before Subcommittee No. 3 of the House Judiciary Committee by the testimony of Representative Celler, Chairman of the House Judiciary Committee;[18] Representative Fulton of Tennessee;[19] Bruce Ladd, Jr., Deputy Assistant Secretary for Commercial Affairs and Business Activities for

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[18] Hearings on S. 646 and H.R. 6927 before Subcommittee No. 3 of the House Committee on the Judiciary, 92d Cong., 1st Sess. (1971) at 4.

[19] Id. at 6.

the Department of State;[20] Miss Ringer;[21] and many representatives of all segments of the music industry.[22]

Indeed the magnitude of the problem being created is shown by the fact that petitioners have the audacity to argue that their illegal and immoral business has now become so large that this bigness somehow entitles it to protection.[23] It would be just as logical for heroin peddlers to argue that because their take amounts to hundreds of millions of dollars, laws against dope peddling should not be enforced.

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[20] Id. at 7.

[21] Id. at 10.

[22] See, e.g., id. at 41.

[23] Petition at 7 and 8.

V

CONGRESS HAS EXPRESSLY MANIFESTED AN INTENTION TO PERMIT STATE REMEDIES FOR THE UNAUTHORIZED DUPLICATION OF PHONOGRAPH RECORDS WHICH WERE FIXED PRIOR TO FEBRUARY 15, 1972.

Both the record piracy for which petitioners were convicted and petitioners' conviction occurred prior to the enactment of Public Law 92-140, 85 Stat. 391 (1971), which was signed by the President on October 15, 1971. Section 1 of that Act creates for the first time a limited copyright in sound recordings, which, under §3 of the Act, becomes effective only with respect to sound recordings "fixed, published, and copyrighted" on or after February 15, 1972. Section 3 then provides:

> "nothing in Title 17, United States Code, as amended by Section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act."

Section 3 of Public Law 92-140 is, therefore, recognition by Congress that there are "rights with respect to sound recordings fixed before the effective date of [that] Act" and that nothing in the Copyright Act (Title 17, United States Code) shall be construed as affecting "in any way any rights" with respect to sound recordings fixed before that effective date -- February 15, 1972. It is important to note that because of this amendment to the Copyright Act there will now be two kinds of phonograph records: those fixed prior to February 15, 1972, which will for all time be uncopyrighted and uncopyrightable, and by express authorization of Congress, protectable under state law; and recordings fixed and sold on and after February 15, 1972, which will be copyrightable and protectable under the Copyright Act.

By §3 of Public Law 92-140 Congress has expressly confirmed, indeed, invited, state protection of sound recordings fixed prior to February 15, 1972. If this Court holds the California anti-record piracy statute unconstitutional, record companies, recording artists and all of the other

persons who earn their livelihood from income generated by the sale of phonograph records will be permanently deprived of any protection for the pre-February 15, 1972 catalogue of records, even though Congress has expressly decreed that legitimate record companies, recording artists and all others shall continue to have whatever protection is now afforded by state law for that pre-February 15, 1972 catalogue.

CONCLUSION

There are no considerations of federal law or policy which support adoption of petitioners' arguments or the abrogation of the power of the states to proscribe the piracy of records and tapes manufactured prior to the availability of federal copyright protection. To the contrary, important considerations of federal law and policy, as well as morality and simple justice, compellingly argue in favor of the existence of such state power.

Petitioners have not shown any of the "special and important reasons" which this Court has generally required for the issuance of a writ of certiorari. The

decision of the court below does not conflict with any important federal policy or with the decision of any federal court or any other state court. To the contrary, the judgment of the court below is consistent with all pertinent precedent. For all these reasons respondent respectfully urges that the petition for writ of certiorari be denied.

Respectfully submitted,

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§ 653h. Transfer of recorded sounds for unlawful use; sale

(a) Every person is guilty of a misdemeanor who:

(1) Knowingly and willfully transfers or causes to be transferred any sounds recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with intent to sell or cause to be sold, or to use or cause to be used for profit through public performance, such article on which such sounds are so transferred, without the consent of the owner.

(2) Sells any such article with the knowledge that the sounds thereon have been so transferred without the consent of the owner.

(b) As used in this section, "person" means any individual, partnership, corporation or association; and "owner" means the person who owns the master phonograph record, master disc, master tape, master film or other device used for reproducing recorded sounds on phonograph records, discs, tapes, films or other articles on which sound is recorded, and from which the transferred recorded sounds are directly or indirectly derived.

(c) This section shall neither enlarge nor diminish the right of parties in private litigation.

(d) This section does not apply to any person engaged in radio or television broadcasting who transfers, or causes to be transferred, any such sounds (other than from the sound track of a motion picture) intended for, or in connection with, broadcast transmission or related uses, or for archival purposes.

§ 2. Rights of author or proprietor of unpublished work.

Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor. (July 30, 1947, ch. 391, 61 Stat. 654.)

APPENDIX B

Public Law 92-140
92nd Congress, S. 646
October 15, 1971

An Act

To amend title 17 of the United States Code to provide for the creation of a limited copyright in sound recordings for the purpose of protecting against unauthorized duplication and piracy of sound recording, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 17 of the United States Code is amended in the following respects:

Sound recordings, Copyright, Limitations. 61 Stat. 652; 66 Stat. 752.

(a) In section 1, title 17, of the United States Code, add a subsection (f) to read:

"To reproduce and distribute to the public by sale or other transfer of ownership, or by rental, lease, or lending, reproductions of the copyrighted work if it be a sound recording: *Provided*, That the exclusive right of the owner of a copyright in a sound recording to reproduce it is limited to the right to duplicate the sound recording in a tangible form that directly or indirectly recaptures the actual sounds fixed in the recording: *Provided further*, That this right does not extend to the making or duplication of another sound recording that is an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording; or to reproductions made by transmitting organizations exclusively for their own use."

(b) In section 5, title 17, of the United States Code, add a subsection (n) to read:

"Sound recordings."

(c) In section 19, title 17, of the United States Code, add the following at the end of the section: "In the case of reproductions of works specified in subsection (n) of section 5 of this title, the notice shall consist of the symbol Ⓟ (the letter P in a circle), the year of first publication of the sound recording, and the name of the owner of copyright in the sound recording, or an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner: *Provided*, That if the producer of the sound recording is named on the labels or containers of the reproduction, and if no other name appears in conjunction with the notice, his name shall be considered a part of the notice."

Copyright notice, form. 68 Stat. 1032.

(d) In section 20, title 17, of the United States Code, amend the first sentence to read: "The notice of copyright shall be applied, in the case of a book or other printed publication, upon its title page or the page immediately following, or if a periodical either upon the title page or upon the first page of text of each separate number or under the title heading, or if a musical work either upon its title page or the first page of music, or if a sound recording on the surface of reproductions thereof or on the label or container in such manner and location as to give reasonable notice of the claim of copyright."

Notice, location.

(e) In section 26, title 17, of the United States Code, add the following at the end of the section: "For the purposes of this section and sections 10, 11, 13, 14, 21, 101, 106, 109, 209, 215, but not for any other purpose, a reproduction of a work described in subsection 5(n) shall be considered to be a copy thereof. 'Sound recordings' are works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture. 'Reproductions of sound recordings' are material objects in which sounds other than those accompanying a motion picture are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, and include the 'parts

Definitions.

Supra.

of instruments serving to reproduce mechanically the musical work', 'mechanical reproductions', and 'interchangeable parts, such as discs or tapes for use in mechanical music-producing machines' referred to in sections 1(e) and 101(e) of this title."

61 Stat. 652. 17 USC 1. Infra.

SEC. 2. That title 17 of the United States Code is further amended in the following respect:

Copyrighted music, unauthorized use. 61 Stat. 661.

In section 101, title 17 of the United States Code, delete subsection (e) in its entirety and substitute the following:

"(e) INTERCHANGEABLE PARTS FOR USE IN MECHANICAL MUSIC-PRODUCING MACHINES.—Interchangeable parts, such as discs or tapes for use in mechanical music-producing machines adapted to reproduce copyrighted musical works, shall be considered copies of the copyrighted musical works which they serve to reproduce mechanically for the purposes of this section 101 and sections 106 and 109 of this title, and the unauthorized manufacture, use, or sale of such interchangeable parts shall constitute an infringement of the copyrighted work rendering the infringer liable in accordance with all provisions of this title dealing with infringements of copyright and, in a case of willful infringement for profit, to criminal prosecution pursuant to section 104 of this title. Whenever any person, in the absence of a license agreement, intends to use a copyrighted musical composition upon the parts of instruments serving to reproduce mechanically the musical work, relying upon the compulsory license provision of this title, he shall serve notice of such intention, by registered mail, upon the copyright proprietor at his last address disclosed by the records of the copyright office, sending to the copyright office a duplicate of such notice."

Notice.

Effective dates.

SEC. 3. This Act shall take effect four months after its enactment except that section 2 of this Act shall take effect immediately upon its enactment. The provisions of title 17, United States Code, as amended by section 1 of this Act, shall apply only to sound recordings fixed, published, and copyrighted on and after the effective date of this Act and before January 1, 1975, and nothing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act.

Approved October 15, 1971.

your affiant received information from Celeste Lorraine Aviles, Josephine Joy Friedland, and Howard S. Smith regarding the unauthorized reproduction of prerecorded 8-track stereo tapes. Josephine Jov Friedland states that she had been employed by Donald Koven, who operates a business under the names of Muntz Mobil Stereo Pak, Inc. and Sonar Distributors, located at 4930 Lankershim Boulevard, North Hollywood, California, from September, 1970 to the middle of February, 1971. Mrs. Friedland states that she was hired by Mr. Koven personally and told she would be reproducing and splicing prerecorded magnetic tapes. The supervisor of the operation at the above address is Xavier Pitassi, also known as Sam Pitassi. The various jobs performed by Mrs. Friedland included splicing of duplicated 8-track stereo tapes, labeling of 8-track stereo cartridges, operation of a Viking 225 duplicating machine, and the pulling of 8-track stereo tapes to fill invoices of Sonar Distributors and Muntz Mobil Stereo Pak, Inc.

Josephine Joy Friedland described in detail the activity carried on at 4930

Lankershim Boulevard, North Hollywood. She indicated that they made prerecorded stereo 8-track tape reproductions spliced together to form a continuous loop wound on a hub and encased in plastic cartridges approximately 5 1/4" x 4". These 8-track stereo tapes were reproductions of 8-track stereo tapes manufactured by most of the major recording companies. An authorized factory 8-track stereo tape, one manufactured by an authorized recording company, would be purchased from a retail outlet to be utilized as the master from which many unauthorized duplicates would be made. This factory 8-track stereo tape would be taken out of its cartridge and placed on a 7-inch reel which would in turn be placed on a Viking 225 tape deck play-back unit, five duplicates of the factory 8-track stereo tape would be made. The duplicating machine used is known as a Viking 225. After the duplicate copies of the 8-track stereo tape were recorded they would be taken off the recording machines and placed into one-half of the plastic cartridge. The tape is when spliced, creating a continuous loop, at which time the other half of

the plastic cartridge is secured to the half containing the prerecorded 8-track stereo magnetic tape. The label containing the name of the tape, title, artist and selections on the tape is then affixed to the cartridge. The cartridge is then placed in a jacket and the completed package is shrink wrapped by machine in cellophane; and placed on a shelf.

Mrs. Friedland indicates that from six to seven hundred cartridges a day are produced in this manner, and that the finished product is sold and shipped daily to persons all over the country.

Mrs. Friedland states that she has seen the following factory 8-track stereo tapes duplicated: Beatles on Capitol Records, Herb Albert and Joe Cocker on A&M Records, Simon and Garfunkel on Columbia Records, Three Dog Night and Steppenwolf on ABC-Dunhill Records. Mrs. Friedland states many others were duplicated but cannot recall their exact names.

Mr. Howard S. Smith, Attorney at Law and member of State Bar of California, stated to affiant that he knows that the

above named recordings are being produced without the authority of the named recording companies and artists. Mr. Smith, as an attorney, represents several different recording companies who's recordings are being reproduced without consent.

Attached to the affidavit will be an exhibit marked 4 showing an authorized 8-track stereo tape recording produced by Apple Records, Inc. and an unauthorized 8-track stereo tape marked Exhibit Three made by Mr. Donald Koven and sold and distributed by...Boulevard. They have black print on white paper.

Miss Aviles states she is in accord with those statements made by Mrs. Friedland and can add some additional information.

She witnessed, on numerous occasions, a factory 8-track stereo cartridge opened, the tape removed and wound on the Viking 225 master play-back machine. Miss Aviles explains that a factory tape is a cartridge which has the name of a record company, its logo, trademark, name of the album, artist and songs on it. Miss Aviles states that from this master duplicates were produced

as described by Mrs. Friedland.

Miss Aviles states she observed Donald Koven enter the location on numerous occasions with labels, blank tapes and cartridges.

Your affiant commenced the actual physical mechanics of preparing this affidavit and attached search warrant at 9:00 a.m. of March 2, 1971; and your affiant affixed his signature under oath to this affidavit before the undersigned magistrate at the time and date attested by said magistrate; the elapsed time reflected herein has been diligently utilized by your affiant in the mechanics of physically preparing these documents, locating and consulting with Deputy City Attorney David. L. Margulies, in reference to the aforementioned

IN THE

Supreme Court of the United States

October Term, 1971
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

vs.

THE STATE OF CALIFORNIA,

Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

BRIEF OF PETITIONERS.

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On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

BRIEF OF PETITIONERS.

Opinion Below.

The opinion of the Appellate Department of the Superior Court of the County of Los Angeles, State of California, has not been published.

Jurisdiction.

The opinion of the Appellate Department of the Superior Court of the State of California for the County of Los Angeles in the instant matter, is set out at Appendix A to the Petition for a Writ of Certiorari in the instant case[1] and was entered on November 12, 1971.

A timely petition for rehearing or in the alternative transfer to the Court of Appeal was filed November 16, 1971.

[1]Hereinafter referred to as the "Petition".

An order denying rehearing and granting Certification was entered on November 30, 1971, and is set out at Appendix B to the Petition. The "Order Certifying Cause to the Court of Appeal", which sets out the question presented to said Court, was also entered November 30, 1971 and a copy of said order is set out at Appendix C to the Petition.

The Order denying such transfer was entered by the Court of Appeals, State of California, Second Appellate District, Division 2, on December 16, 1971, and filed on said date, and a copy of said order is set out at Appendix D to the Petition.

Jurisdiction to review the proceedings in the Court below is conferred on this Court by Title 28 U.S.C. § 1257(3).

Question Presented.

The following question is presented for review by this Court:

> "May the State of California, through its criminal laws, grant copyright protection for unlimited times to sound recordings in the Public Domain, in direct conflict with Article I, §8, Clause 8 of the United States Constitution and the implementing Federal Copyright laws and policy."

Constitutional and Statutory Provisions.

This case involves the following Constitutional and Statutory provisions:

1. Article I, §8, Clause 8 of the Constitution of the United States, which provides as follows:

> "Congress shall have power . . . To promote the Progress of Science and Useful Arts, by securing

for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

2. Title 17, United States Code, Sections 1 (e), 1 (f), 2 and 101 (e).

3. California Penal Code §653h which provides as follows:

"(a) Every person is guilty of a misdemeanor who:

"(1) Knowingly and willfully transfers or causes to be transferred any sounds recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with intent to sell or cause to be sold, or to use or cause to be used for profit through public performance, such article on which such sounds are so transferred, without the consent of the owner.

"(2) Sells any such article with the knowledge that the sounds thereon have been so transferred without the consent of the owner.

"(b) As used in this section, 'person' means any individual, partnership, corporation or association; and 'owner' means the person who owns the master phonograph record, master disc, master tape, master film or other device used for reproducing recorded sounds on phonograph records, discs, tapes, films or other articles on which sound is recorded, and from which the transferred recorded sounds are directly or indirectly derived.

"(c) This section shall neither enlarge nor diminish the right of parties in private litigation.

"(d) This section does not apply to any person engaged in radio or television broadcasting who

transfers, or causes to be transferred, any such sounds (other than from the sound track of a motion picture) intended for, or in connection with, broadcast transmission or related uses, or for archival purposes."

Statement of Case.

This case involves the clearly drawn, important question, of whether a state may use its criminal laws to prohibit the copying of items, here sound recordings, which have neither a valid Federal copyright nor patent, and which have been sold in large numbers on the open market. In the instant case the petitioners were arrested and charged in a misdemeanor complaint with 14 separate violations of California Penal Code §653h (Appendix at 1[2]).

The specific charges each alleged that on or about March 3, 1971, and continuously for a period of 11 months immediately prior thereto, the defendants (petitioners), each knowingly manufactured, or sold, prerecorded tapes copied ("transferred") from certain musical sound recordings without the consent of the specific record company which owned the rights to the master recording of such copies sound recordings. (A. at 15-23).

The petitioners, in order to produce such copied tapes, first purchased, on the open market, a so-called "authorized factory" tape from a "retail outlet" (A. at 41). The purchased tape was then copied electronically, and the copy was wrapped, labeled and shipped "to persons all over the country."[3] (A. at 41-42).

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[2]Hereinafter cited as ("A").

[3]A more detailed description of the method of copying used by petitioners can be found at *Tape Industries Association of*

The question here sought to be reviewed, that is, the constitutionality of the California Copyright Statute (*sub noma* California Penal Code §653h), which statute purports to make petitioners' act of copying and selling a crime, was raised at the very outset of this case. The petitioners moved to quash the search warrant and to have all the property seized thereunder returned on the grounds, *inter alia,* that California Penal Code §653h conflicts directly with Article I, §8, Clause 8 of the United States Constitution and the implementing Federal Statutes because (1) it establishes a State copyright; and (2) it prohibits copying of public domain matter for unlimited times (A. at 24-25).

America v. Younger, 316 F. Supp. 340 (C.D. Cal. 1970), *appeal denied,* 401 U.S. 902 (1971) *appeal pending* U.S. Ct. App. 9th Cir., No. 26,628 (hereinafter referred to as "*TIAA v. Younger*"). The respondents herein quote extensively from that case in their Brief in Opposition to Certiorari (p. 6-8) and they correctly point out that one of the petitioners in the instant case (Donald Koven) is one of the plaintiffs (appellants) in *TIAA v. Younger.* In *TIAA v. Younger* the Court noted that a label, containing the following information, as well as the name of the recording, and the name of the performer, was affixed to the copied tapes:

> "No relationship of any kind exists between [petitioners] and the original recording company nor between this recording and the original recording artist. This tape is not produced under a license of any kind from the original company nor the recording artist(s) and neither the original recording company nor artist(s) receives a fee or royalty of any kind from [petitioner]. Permission to produce this tape has not been sought nor obtained from any party whatsoever." 316 F. Supp. at .....

Petitioners contend that such a label removes any possible contention that they are "palming off" their product as another's and thereby causing confusion as to the source of the product. In any event, the statute in question is not a "labeling statute" since a crime is purportedly committed under Cal. Penal Code §653h even if, as in the instant case, there is no allegation (or proof) of confusion as to the source of the product. The purported crime is the act of copying (or the sale of such copies) of an uncopyrighted sound recording which has already been sold and fully commercially exploited by its "originators."

The petitioners also then moved to quash the search warrant on the further grounds that California Penal Code §653h was in direct conflict with this Court's decision in *Sears, Roebuck and Co. v. Stiffel Co.*,[4] and *Compco Corp. v. Day-Brite Lighting, Inc.*[5] The trial court denied the petitioners' Motion to quash and held that the Search Warrant was valid. (A. at 25).

Petitioners, through their attorney, then made a motion to dismiss the complaint on the grounds set out above with respect to the motion to quash the search warrant (A. at 26-27). Again the court denied the motion (A. at 27).

The petitioners, after preserving their right to appeal under California law,[6] pleaded *nolo contendere* to ten counts of knowingly manufacturing or knowingly selling such copied sound recordings (A. at 6) and were then each sentenced under Count 1 to six months in the County jail, sentence suspended and given summary probation for three years (A. at 8-10). The terms of the probation required that petitioners Donald and Ruth Koven each pay a fine of $500.00 or serve 100 days in the County jail (A. at 8-10) and that petitioner Goldstein pay a fine of $100.00 or serve 20 days in the County Jail (A. at 10). On Counts two through ten, the sentence was, as to each petitioner, $500.00 or 100 days, and the sentence was suspended (A. at 8-10). Under the

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[4]376 U.S. 225 (1964), hereafter referred to as "Sears".

[5]376 U.S. 234 (1964), hereafter referred to as "*Compco*".

[6]California Penal Code Section 1237.5.

terms of the probation the petitioners are required to refrain from the making of further copies of sound recordings, or selling such copies without "the consent of the owner of the original" (A. at 8-10). The remaining counts were dismissed.

Thereafter on appeal the petitioners again raised the question of the constitutionality of Section 653h (Petition at Appendix A). The Appellate Department of the Superior Court of the State of California for the County of Los Angeles affirmed the trial court's decision on the basis of *TIAA v. Younger* and *Capitol Records, Inc. v. Erickson*[7] (Petition at Appendix A). The petitioners then moved to have the case transferred to the California Court of Appeals to decide the constitutionality of Penal Code Section 653h (A. at 14). The Superior Court, Appellate Division, certified the transfer of the case to the Court of Appeals on the grounds that it was "necessary to settle an important question of law", to wit, "Is Section 653h of the California Penal Code constitutional?" (Petition at Appendix C.)

The Court of Appeals, without opinion, ordered that such transfer be denied, and under California law the petitioners had thereby exhausted all their State Court appeals. The petitioners then filed with this Court a Petition for a Writ of Certiorari to the Court below and said Petition was granted.

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[7]2 Cal. App. 3d 526, 82 Cal. Rptr. 798 (1969).

Summary of Argument.

California may not use its Criminal laws to prohibit the copying of sound recordings fixed or published prior to February 15, 1972, which recordings have been intentionally denied copyright protection by Congress.

1. California Penal Code § 653h attempts to prohibit the copying of all sound recordings including those which have been denied copyright protection by Congress. The protection granted by California to those recordings denied protection by Congress (recordings fixed or published prior to February 15, 1972), is even greater than the copyright protection afforded by Congress in the recently enacted amendments to the copyright law (PL 92-140) to those recordings fixed and published after February 15, 1972 (but before January 1, 1975). That is, the California law grants protection in perpetuity, while the federal protection is only for a limited time.[8] Further, the federal law establishes elaborate notice and registration requirements[9] while the state statute contains no notice or registration requirements. The state statute thus conflicts with the federal copyright laws and Article I, Section 8, Clause 8 of the Constitution.

2. The states have relinquished their power in copyright matters to the federal government, and there can be no question as to federal supremacy in the field of copyrights. *Gibbons v. Ogden*, 9 Wheaton 1. Any in-

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[8]Title 17 U.S.C. § 24.

[9]Title 17 U.S.C. §§ 10, 13, 14, 19, 20, 30, 31.

terference by state law with the Constitutional and Congressional intent to establish a uniform national copyright law, or any conflict between federal and state laws relative to items that are constitutionally the subject of copyright can not be tolerated under the Supremacy Clause. *Sears*[10] and *Compco.*[11]

3. California Penal Code § 653h constitutes just such an interference with federal copyright law because it seeks to prohibit the copying of uncopyrighted sound recordings which have been sold in large quantities to the public. Such sales constitute "publications" of the performances embodied on the sound recordings and places such performances in the public domain. They may therefore be copied by anyone, in any manner. The general public has a deep interest in the enforcement of this right to copy, since the California statute if enforced by this Court will establish monopoly rights and powers in certain record companies at the expense of the general public and the petitioners herein.

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[10]376 U.S. 225.

[11]376 U.S. 234.

ARGUMENT.

A. Sound Recordings Fixed or Published Prior to February 15, 1972, Have Been Intentionally Denied Copyright Protection by Congress.

Congress has specifically, and repeatedly, refused to grant copyright protection to sound recordings fixed or published prior to February 15, 1972. The House Report[12] which accompanied the bill that became Title 17 U.S.C. § 1(e)—before it was amended by Public Law 92-140—stated immediately following the discussion of Section 1(e):

> *"It is not the intention of the committee to extend the right of copyright to the mechanical reproductions themselves,* but only to give the composer or copyright proprietor the control, in accordance with the provisions of the bill, of the manufacture and use of such devices."[13] (Emphasis added.)

Further, no less than 31 bills had been unsuccessfully introduced in Congress between 1909 and 1951, which if enacted, would have provided copyright protection to sound recordings fixed and published prior to February 15, 1972.[14] On one such occasion in 1930

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[12]Report of Committee on Patents, H.R. Rep. No. 2222, 60th Cong. 2d Sess. at p. 10.

[13]In *Capitol Records v. Mercury Records Corp.*, 221 F. 2d 657, 661 (2d Cir. 1955) the Court referred to this language as the "actual intent" of Congress, and noted:

> "This [is an] express disclaimer of intention to extend the right of copyright to the mechanical reproductions themselves . . . . "

[14]Staff of Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary 86th Cong., 2d Sess. *The Unauthorized Duplication of Sound Recordings* [7 Comm. Print. 1961] (Study No. 26, by Barbara Ringer) 21-37.

(during the Seventy-First Congress, second session), a bill, HR 12549, was reported favorably by the Committee on Patents.[15] That bill contained a provision, at paragraph "(q)", listing sound recordings as one of the classes of copyrightable works, thereby granting full copyright protection to such sound recordings.

The Committee on Patents reported HR 12549 favorably, with paragraph "(q)" intact. However, when the bill reached the floor of the House, that paragraph was stricken by unanimous consent upon the request of the chairman of the committee which reported the bill.[16] The bill without paragraph "(q)" was then passed by the House and the Senate. The action taken by Congress on HR 12549, as well as the Congressional action taken on the copyright law enacted in 1909 and on the numerous attempts to amend the copyright law prior to Public Law 92-140, are clear expressions of the Congressional will to refuse recordings fixed or published prior to February 15, 1972, even the limited monopoly protections of copyright.

B. Public Policy Requires, and This Court Has Repeatedly Held, That Public Domain Items Unprotected by Patents or Copyright May Be Copied by Anyone.

In its decisions in *Sears* and *Compco* this Court held that there was an important public policy, and a Congressional intent,[17] to establish a uniform nation-

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[15]H.R. Rep. No. 1689, 71st Cong., 2d Sess. (1930); H.R. Rep. No. 1898, 71st Cong., 2d Sess. (1930); and H.R. Rep. No. 2016, 71st Cong., 2d Sess. (1930).

[16]74 Cong. Rec. 2034 (1931).

[17]"The purpose of Congress to have national uniformity in patent and copyright laws can be inferred from such statutes

(This footnote is continued on next page)

al copyright law[18] which would protect the general public[19] against unwarranted State created monopolies by allowing all to copy that which is in the public domain.

> "Today we have held in *Sears, Roebuck & Co. v. Stiffel Co., supra,* that when an article is unprotected by patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Article I, Section 8, Clause 8, of the Constitution, and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain. Here Day-Brite's fixture has been held not to be entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases."[20] *Compco, supra,* 376 U.S. at 237-38.

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as that which vests exclusive jurisdiction to hear patent and copyright cases in federal courts, 28 U.S.C. § 1338(a), and that section of the Copyright Act which expressly saves state protection of unpublished writings but does not include published writings, 17 U.S.C. § 2." *Sears, supra,* 376 U.S. at 224-25.

[18]"Thus the patent system is one in which uniform federal standards are carefully used to promote invention while at the same time preserving free competition." *Sears, supra,* 376 U.S. at 231. Of course the copyright law also protects the general public against perpetual monopolies by requiring that all items protected by patents or copyrights eventually go into the public domain. State laws, such as California Penal Code §653h have no such protection against monopolies because they grant protection in perpetuity.

[19]In *Sears* the Court held that the public was "deeply interested" in making certain that unprotected items could be copied freely (376 U.S. at 231-32).

[20]Of course neither *Sears* nor *Compco* would prohibit the States from preventing the "palming off" of items. That is, a State through its Civil or Criminal law, could require adequate labeling to insure that the public is not confused as to the source of the item being sold. However, California Penal Code § 653 is definitely not such a labeling statute.

In the instant case, as Petitioners have shown, Congress has deliberately denied pre-February 15, 1972, sound recordings even the limited protection of copyright. Congress has, however, granted to certain sound recordings fixed and published subsequent to February 15, 1972, a limited copyright. That is, the federal copyright is limited in time to twenty-eight years (plus a similar renewal period) and to the prohibition of a certain "kind" of copying. That kind of copying is the exact kind of copying California Penal Code § 653h seeks to prohibit. Thus the California statute attempts not only to extend the monopoly protection granted by the federal copyright law into the future—to recordings fixed or published after February 15, 1972—but also into the past—to recordings fixed or published prior to February 15, 1972.[21]

In addition the California statute seeks to extend, in perpetuity,[22] the otherwise limited life of the Federal copyright, since the statute would prohibit the copying of sound recordings even after the federal limited copyright has expired.

This Court rejected a similar attempt to establish State copyright laws, when it held:

> " '*Sharing in the good will of an article unprotected by patent or trademark is the exercise of a right possessed by all—and in the free exercise*

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[21]Stated in another way, the California Penal Code § 653h seeks to remove from the public domain those sound recordings fixed or published prior to February 15, 1972. However, in *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966) this Court held:

> "Moreover, Congress may not authorize the issuance of patents whose effects are to remove existent knowledge in the public domain, or to restrict free access to materials already available."

[22]California Penal Code § 653h is thus in direct conflict with Article I, Section 8, Clause 8, of the Constitution, which requires copyrights to be for "limited times" only.

> *of which the consuming public is deeply interested'* [citation]. To allow a state by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public. The result would be that while federal law grants only 14 to 17 years' protection to genuine inventions, States could allow perpetual protection to articles too lacking in novelty to merit any patent at all under federal constitutional standards. This would be too great an encroachment of the federal patent system to be tolerated." *Sears, supra*, at 231-32.

Petitioners contend that the above establishes that the holdings of this Court in *Sears* and *Compco* are dispositive of the issues in this case. That is, California Penal Code Section 653h is unconstitutional because it prohibits, for unlimited times, items which under paramount federal law, have been left in the public domain.

Petitioners' position is in accord with the position expressed by the United States Department of Justice,[23] and has recently been accepted by a United

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[23]The United States Department of Justice, by the Deputy Attorney General, filed an opinion letter with the House of Representatives Committee studying Senate Bill 646, which eventually became PL 92-140. (Hearings on S646 and H.R. 6927, House of Representatives Comm. on the Judiciary, Subcomm. No. 3, 92nd Cong., 1st Sess. (1971) at pp. 121-123.) The letter states that under existing law sound recordings are not copyrightable; that the record industry has been able to fashion some protection "against competitors who commercially transcribe their recorded performances, based upon the misappropriation theory of *International News Service v. Associated Press*, 248 U.S. 215, 236 (1918)"; and that "the Court of Appeals for the First Circuit has held that *Sears* and *Compco* overruled *International News*

States District Court.[24] However, the Court below, and respondent herein, attempts to distinguish the holdings and reasoning of this Court in *Sears* and *Compco*, on two principal grounds. It is first alleged that sound recordings, despite the fact that they are fully exploited by their originators, are not "published" and are therefore not in the public domain. It is also argued that even if they are published, California Penal Code § 653h does not prohibit their "copying." Neither argument is correct.

C. Sound Recordings Sold to the Public Have Been "Published" and Are in the Public Domain.

The respondent has consistently taken the position that the sale and distribution of countless copies of sound recordings do not constitute a publication of the performances contained on the recordings,[25] and that California is thus free to protect such recordings as "unpublished" works under Title 17 U.S.C. § 2.[26]

Service. Columbia Broadcasting System, inc. v. De Costa, 377 F. 2d 315, 318 (C.A. 1)."

The Justice Department then states in the letter:

"We believe that extending copyright to recordings is the soundest, and in our interpretation of *Sears* and *Compco*, *the only way* in which sound recordings should be protected. Copyright protection is narrowly defined and limited in duration, whereas state remedies, whose validity is still in doubt, create broad and unwarranted perpetual monopolies." (Emphasis added.)

The above quotation is a clear statement of support by the Justice Department for Petitioners' position in the instant case.

[24]*International Tape Manufacturers Association v. Gerstein*, ... F. Supp. ....., (S.D. Fl. 1972, No. 72-164-Civ-JE).

[25]Respondents Brief at 14-16.

[26]That section provides:

"Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor."

In fact, it is fair to say that this contention is the core of respondent's argument.

However, the respondent is and must be wrong, for it is fundamental to a policy of maintaining a uniform national copyright law that the determination of what constitutes publication must be made according to federal standards.[27] To hold otherwise would allow each state to pick and choose where it desired to grant greater protection than the federal copyright laws. If California with a large recording industry can hold that the sale of even a million copies of a record is not a "publication", could not New York with a large book publishing industry hold that the sale of even a million copies of a book is not a publication and thus grant authors state protection greater than they receive under federal copyright laws?

Petitioners submit that federal standards of publication must be applied and that under such standards sound recordings have clearly been published. The leading case directly expressing the *federal rule* with respect to publication of sound recordings is *RCA Mfg.*

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[27] *Capitol Records v. Mercury Records, Corp.*, 221 F.2d 657, 667 (2d Cir. 1955) (Judge Learned Hand dissenting). The "standards" California seeks to substitute are very simple. That is, the State alleges that there is not, and can not, be a publication of sound recordings. However, federal law (Title 17 U.S.C. § 26) defines "publication", for purposes of the copyright extended to post-February 15, 1972, sound recordings, as follows:

> "In the interpretation and construction of this title 'the date of publication' shall in the case of a work of which copies are reproduced for sale or distribution be held to be the earliest date when copies of the first authorized edition were placed on sale, sold, or publicly distributed by the proprietor of the copyright or under his authority . . . "

Petitioners suggest that there is little doubt but that any fair reading of Title 17 U.S.C. § 26 compels a finding that the sound recordings California seeks to protect as "unpublished", are in fact "published" under Federal law.

Co., Inc. v. Whitman, 114 Fed. 86, 89 (2d Cir. 1940). In that case Judge Learned Hand, writing for a unanimous court, held:

> "We think that the 'common law property' in these performances ended with the sale of the records. . . ."

The Court then addressed itself directly to the question of whether sound recordings could be protected under state common law[28] and reasoned:

> "[W]e see no reason why the same acts that unconditionally dedicate the common law copyright in works copyrightable under the Act, should not do the same in the case of works not copyrightable. Otherwise it would be possible, at least pro tanto, to have the advantage of dissemination of the work at large, and to retain a perpetual though partial, monopoly in it. That is contrary to the whole policy of the Copyright Act under the Constitution. Any relief which justice demands must be found in extending statutory copyright to such works, not in recognizing perpetual monopolies, however limited in their scope." *R.C.A., supra*, at 89.[29]

In a more recent decision, a federal court held unconstitutional and permanently enjoined enforcement of a Florida statute almost identical to California Penal Code § 653h. In *International Tape Mfg. Assoc.*

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[28]Petitioners are not aware of any policy or reason which would allow a State to grant sound recordings State statutory protection while denying a State the right to grant sound recordings protection under the common law.

[29]See also *Gantz v. Harris*, 98 F. Supp. 906, 910 (S.D.N.Y. 1951) aff'd (with approval on this point) and modified (on other grounds) 198 Fed. 585 (2d Cir. 1952); *McIntyre v. Double-A Music Corp.*, 166 F. Supp. 681 (S.D. Cal. 1958)

v. Gerstein,[30] the Court, in an opinion by Judge Layton, held:

> "Therefore, this Court holds that authorized dissemination of recorded sounds manufactured from a master disc constitutes a 'general publication' of both the underlying composition and the performance sufficient to deprive the owner of any common law copyright to which he might be entitled."

It should also be noted that while the respondent contends that there has been no publication of sound recordings, despite the sale of large quantities of authorized editions, the logical extension of that which they do concede elsewhere leads to the conclusion that there is little weight to such an argument.

That is, the respondent admits as it must, that under the holdings of this Court in *Sears* and *Compco,* a State may not prohibit the *imitation* of sound recordings.[31] What the respondents fail to say, but what is the

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[30]..... F. Supp. ....., (S.D. Fla. 1972, No. 72-164-Civ-JE).

[31]The respondents state in their brief at pages 31-32:

> "Under existing law anyone . . . willing to incur the expense and take the risk may . . . produce a recorded performance of a musical composition—even one which 'sounds just like' another recorded performance of that musical composition."

This same alleged distinction was relied on by the Court in *Tape Industries Association of America (TIAA) v. Younger,* 360 F. Supp. 340, 350 (C.D. Cal. 1970), the case which the Court below held to be the basis for its decision (Petition for Certiorari, Appendices A and C). The Court there held:

> "*Sears* and *Compco* could cover and immunize the plaintiffs here only if they had copied and imitated the product—that is, if they had listened to the sounds performed and embodied on the records and then had expended the necessary sums to copy and imitate the sounds of their own tapes."

After the decision in *TIAA v. Younger,* the alleged distinction between permissible copying and impermissible copying became

only logical conclusion, is that the reason a State may not protect against imitation of sound recordings under Title 17 U.S.C. § 2, is that said section does not apply because sound recordings have been published. Therefore protection against duplication or imitation, if desirable at all, must come from Congress, which body alone has the power to protect published works. Since Congress has consistently refused protection of any kind to pre-February 15, 1972, sound recordings, petitioners submit the states may not interfere.

The only possible reason for holding that the sale of copies of pre-February 15, 1972 sound recordings does not constitute a publication is that such sound recordings are not copyrightable and must be treated differently from items which are copyrightable. Such

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even more obscure. In *Sinatra v. Goodyear Tire & Rubber*, 435 F. 2d 711 (9th Cir. 1970) *cert. denied* 402 U.S. 906 (1971), a case arising under the diversity jurisdiction of the court, the plaintiff alleged that the defendant had copied her recorded performance of a particular musical composition, "These Boots Are Made For Walkin' "; that plaintiff had, through her recording, developed a secondary meaning in her performance; and that defendants by copying that performance were attempting to cause confusion in the minds of the public and were thereby "passing off" their performance as being that of plaintiff. The trial court entered summary judgment for defendant.

The Ninth Circuit, Court of Appeals, in an opinion written by one of the Judges in *TIAA v. Younger*, affirmed and held, *inter alia*, that the plaintiff's claim was barred by this Court's decision in *Sears* and *Compco*, reasoning:

> "[A]s Judge Hand pointed out in his dissent in *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F. 2d 657, 666-667 (2d Cir. 1955) to allow unfair competition protection where Congress has not given federal protection is in effect granting state copyright benefits without the federal limitations of time to permit definite public domain use." 435 F. 2d at 718.

Petitioners suggest that the reasoning of Judge Hand, accepted by the Court in *Sinatra v. Goodyear Tire & Rubber*, is equally applicable whether "imitation" or "duplication" is involved and whether the protection is based on unfair competition laws or criminal laws.

an argument ignores the strong public policy favoring a uniform national copyright law and the force of the Supremacy Clause. It would allow individual States to add to the list of copyrightable items in their State whatever items that particular State felt required protection notwithstanding that Congress had refused such items even the more limited protection of copyright.

This Court has recognized this problem and has rejected the argument that an item remains unpublished if it is not copyrightable.

> "An unpatented article, like an article in which a patent has expired, is in the public domain and may be made and sold by anyone who chooses to do so." *Sears, supra,* at 231.

Further in *Compco,* this Court held:

> "Today we have held, in *Sears, Roebuck & Company v. Stiffel and Company, supra,* that when an article is unprotected by patent or a copyright, state law may not forbid others to copy that article.[32] *Compco, supra,* at 237.

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[32]Recent Circuit Court decisions, based on *Sears* and *Compco,* have also rejected any argument that a State may grant protection to Constitutional "writings" if such writings are not patentable or copyrightable. For example, in *Tappan Co. v. General Motors Corp.,* 380 F. 2d 888, 892 (6th Cir. 1967) the Court noted there may be two reasons why an article is deprived of federal protection; either because the item "may not qualify for a patent or copyright at all" or because the alleged infringement "does not in fact impinge upon the plaintiff's rights." The Court then held:

> "To allow relief under State law in either situation would run counter to the paramount federal decision of nonprotection."

In another case, *Columbia Broadcasting System Inc. v. DeCosta,* 377 F. 2d 315 (1st Cir. 1967), *cert. den.* 389 U.S. 1007,

A clear statement of the reason for refusing to treat copyrightable and not copyrightable matters differently is found in Judge Learned Hand's opinion in *Fashion Originators Guild v. F.T.C.*:[33]

> "When in this country the Constitution (§8, Clause 8, Article I) gave to Congress power to 'secure' to authors the 'exclusive Right to their * * * Writings,' it was to be only 'for limited Times,' and did not allow a perpetual copyright. The purpose so disclosed is certainly inconsistent with the assumption that an author—notwithstanding publication and full enjoyment of his 'common law property'—might maintain his monopoly for 'unlimited Times.'
>
> ". . .
>
> "It would certainly be a strangely perverse anomaly that turned the grant of statutory copyright into a detriment to the 'author'; yet it would be hard to prove that the statutory remedies conferred made up for the limitation of the monop-

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the Court noted, with respect to copyrights:

> "Congress has established a procedural scheme of protection by notice and registration. The necessary implication of this approach, we conclude, is that, absent compliance with the scheme, the federal policy favoring free dissemination of intellectual creations prevails. Thus, if a 'writing' is within the scope of the constitutional clause, and Congress has not protected it, whether deliberately or by unexplained omissions, it can be freely copied." 377 F. 2d at 319.

In still another case, *Cable Vision, Inc. v. KUTV, Inc.*, 335 F. 2d 348 (9th Cir. 1964) *cert. denied*, 379 U.S. 989, another Circuit Court held that the decision as to whether there has been a publication does not turn on whether an item is copyrightable:

> "[T]he public domain was broadly delineated in *Sears:* that which is either not copyrighted, or copyrightable or on which the copyright has expired is in the public domain." 335 F. 2d at 350.

[33]114 F. 2d 80, 83 (2d Cir. 1940) aff'd 312 U.S. 457 (1941).

> oly. Omission of property from the act would be a bonanza to those who possessed property of that kind."[34]

The petitioners submit that the above demonstrates that the sale and full consequential exploitation of sound recordings constitute a publication; that since the sound recordings are not copyrighted, the performances embodied on them are in the public domain; and they may be copied freely, by anyone, in any manner. To rule otherwise would establish in favor of the record companies, at the expense of the petitioners and the general public, the exact "bonanza" feared by Judge Hand.[35]

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[34]It is interesting to note that Judge Hand's opinions, written well before *Sears* or *Compco*, consistently held that there was no room for State law controls over matters which, though "writings" within the meaning of Article I, Section 8, Clause 8 of the United States Constitution, had been given no copyright protection by Congress. Judge Hand so held in such cases as *G. Ricordi v. Haendler*, 194 F. 2d 914 (2d Cir. 1952); *Fashion Originators Guild v. F.T.C.*, 114 F. 2d 80 (2d Cir. 1940) aff'd, 312 U.S. 457 (1941); *Cheney Bros. v. Doris Eilk Corp.*, 35 F. 2d 279 (2d Cir. 1929) *cert. den.* 281 U.S. 728 (1930); and finally in his dissent in *Capitol Records v. Mercury Records Corp.*, 221 F. 2d 657 (2d Cir. 1955).

In the *Capitol Records* case Judge Hand would have held that State law may not prohibit the unlicensed copying (or duplication) of phonograph records, Judge Hand's dissent in that case has been referred to as "prophetic" in light of this Court's decisions in *Sears* and *Compco*. *CBS v. DeCosta*, 377 F. 2d 315, 319 (1st Cir. 1967).

[35]The respondent's argument against finding a publication rests on its contention that sound recordings should be treated in the same manner as live performances (Respondent's Brief at 15-16). However, as Professor Nimmer has pointed out (Nimmer, Copyright § 8.32 (1970)), live performances are not "Writings" within the meaning of Article I, Section 8, Clause 8 of the Constitution because there are no tangible copies of such live performances. Hence, live performances are not within an area which Congress has or may preempt, since the Constitution provides that Congress may protect only the "Writings" of authors. Cases concerning live performances are therefore inapposite.

D. California Penal Code § 653h Seeks to Prohibit the "Copying" of Sound Recordings.

As petitioners have shown, Congress has consistently refused to grant copyright protection to sound recordings fixed or published prior to February 15, 1972; the decisions of this Court have consistently held that the force of the Supremacy Clause, the public policy favoring uniform national copyright laws and the strong public policy against monopolies, require that the States be prohibited from interfering with the right to copy whatever federal law leaves in the public domain;[36] and that sound recordings have been published and since they have not been copyrighted, the performances embodied on such sound recordings are in the public domain.

The only question remaining is whether the conduct California Penal Code § 653h attempts to prohibit (and the acts petitioners were convicted of doing) constitutes "copying."

Respondent argues that the tapes manufactured and sold by petitioners are not "copies" of the recorded performance in the same sense as the items involved in *Sears* and *Compco* were copies.[37] This argument of

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[36]Free competition is a matter of great public importance in the United States. The philosophy that free competition, without the artificial restraint of State conferred monopolies, results in the greatest material progress can be found in the following decision of the Court of Customs and Patent Appeals (*In re Deister Concentrator Co.*, 129 USPQ 314, 319 (1961)):

> "It is basic to our consideration, therefore, that the socio-economic policy supported by the general law is the encouragement of competition by all fair means, and that encompasses the right to copy, *very broadly interpreted*, except where copying is lawfully prevented by a copyright or patent." (Emphasis added.)

[37]Respondent's Brief at 16-21.

course avoids the real question of whether, even if they are not the same kind of "copies", there is any reason or policy which arises from such an alleged difference which requires a different result in the instant case than was reached in *Sears* and *Compco*.

The Court below (by its reliance on *Tape Industries Association of America v. Younger*[38]) and respondent argues that the copying involved in the instant case differs from the copying in *Sears* and *Compco* because here, the petitioners "appropriated" the work, effort and money spent by the record companies to produce their sound recordings. However, this argument must fail because a copier, no matter what method he uses to copy, always "appropriates" those exact items.

In *Sears* this Court held the appropriation of Stiffel's design of a pole lamp was permissible and could not be stopped by State law.[39] In so doing, this Court reasoned that such a holding was necessary because:

> "The judgment below . . . gave Stiffel the equivalent of a patent monopoly on its unpatented lamp. That was error. . . ." 376 U.S. at 233.

The judgment below in the instant case has given the record companies, at the least, the equivalent of a copyright monopoly in their uncopyrighted sound recordings. This too is error.

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[38]360 F. Supp. 340 (C.D. Cal. 1970)

[39]"An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's *design*. . . . This it had every right to do under the federal patent laws. That Stiffel originated the pole lamp and made it popular is immaterial. 'Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all. . . .'" (Emphasis added.) (376 U.S. at 231.)

A clear expression of the petitioners' position is found in *International Tape Mfg. Assoc. v. Gerstein.*[40] In that case, the District Court held unconstitutional, and enjoined enforcement of a Florida statute almost identical to California Penal Code §653h. In so doing the Court reasoned:

> "[T]his Court . . . cannot accept the distinction drawn between physical appropriation and copying. If Sears had gone to a store and bought a Stiffel lamp, then made a mold thereof, using the mold for the production of Sears lamps, we would, in this Court's view, have been presented with a situation exactly analogous with *Tape Industries* [v. *Younger*]. If that situation had been presented to the *Sears* Court, the result in that case would probably not have been the least bit affected. The focus of both *Sears* and *Compco* was the artificial creation of patent or copyright protection afforded to unpatentable or uncopyrightable works, not the manner in which the works were reproduced. Although *Compco* permitted state regulation to eliminate confusion as to the source of the work, it did not permit states to prohibit individuals from reproducing work. Thus, to this Court's way of thinking, the California statute as construed by that Court did intrude upon the federal copyright policies by prohibiting the dissemination of works which could not be afforded copyright protection, and should have been held invalid."[41]

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[40]..... F. Supp. ..... (S.D. Fla. 1972, No. 72-164-Civ-JE).

[41]This view of *Sears* and *Compco* is supported by the reliance of this Court in *Sears* on *G. Ricordi and Co. v. Haendler,* 194

(This footnote is continued on next page)

Another clear expression of petitioners' position is set forth by Professor Melville B. Nimmer who writes

> "[I]t is difficult to see any substance in this asserted distinction between 'copying' and 'appropriation.' How does 'appropriation' in [so called] record piracy differ from 'copying' in *Sears* and *Compco?* In neither case is there an actual taking of the plaintiff's *tangible* work product. In each case there is a reproduction of the plaintiff's creative work. It is true that in the case of [so called] record piracy such reproduction is accomplished by mechanical means rather than via the human hand or ear, but why is that significant? Could any greater state law liability attach to the photographc reproduction of a Rembrandt (or other public domain painting) than would be true in the case of a free hand copying? If phonograph records were protected by statutory copyright, clearly such protection could prohibit reproduction by tape duplication or other mechanical

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F. 2d 914 (2d Cir. 1952). In *G. Ricordi*—the only case cited by this Court in support of its holding that a state may not prohibit the copying of an uncopyrighted article (376 U.S. at 233)—the copier made photographic copies of the plaintiff's books so that he could use a cheap offset method of printing to produce an identical book, which he then sold. This was not an "imitation" type of copying. Rather, it was the exact kind of copying proscribed by California Penal Code § 653h, as it can reasonably be said that petitioners were charged with and convicted of making "electronic photographs" of phonograph records.

Judge Learned Hand, writing for a unanimous court, held in *G. Ricordi* that whether the book could be protected was a question for federal law, not State law, and since the book was not copyrighted "the defendant was free to photograph and sell the plaintiff's book." (194 F. 2d at 916.) Further, the *G. Ricordi* court specifically overruled anything to the contrary in *Fonotipia Limited v. Bradley,* 171 Fed. 951 (1908), a District Court case which had prohibited the duplication of musical recordings as unfair competition under State law.

means. Assuming, then, the rationale of *Sears* and *Compco*, Congressional withholding of such copyright protection precludes state law liability for such reproduction." *Nimmer, Copyright,* at 18 (1971 Supplement).

E. There Are No Compelling Economic Reasons to Ignore Public Policy and Prior Precedent in Order to Allow the Establishment of a State Statutory Copyright in Sound Recordings.

Petitioners have shown that if California Penal Code § 653h is allowed to stand the state will have created a monopoly in favor of record companies with respect to pre-February 15, 1972 sound recordings which is even greater than the copyright monopoly created by Congress (Public Law 92-140) for post-February 15, 1972 sound recordings. Such a monopoly created by one state in favor of one of its favorite enterprises, to the determent of interstate commerce and the general consumer, is not compatible with the goal of a uniform national copyright law, as announced in *Sears* and *Compco*.[42]

However, an argument is sometimes advanced that record copiers must be stopped at any cost because they "skim off the cream" of the profits from sound recordings and therefore they do not, in the long run, benefit consumers.[43]

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[42]The position of the tape copiers with respect to the current monopoly aspects of the recording industry is set out at Hearings on § 646 and H.R. 6927, House of Representatives, Committee on the Judiciary, Subcommittee No. 3, 92nd Cong., 1st Sess. (1971) at pages 82-114.

[43]This argument, often advanced by the record companies, apparently persuaded Congress to enact PL 92-140 which grants limited, experimental, copyright protection for sound recordings.

(This footnote is continued on next page)

This exact argument could, of course, be made in any copying case, including both *Sears* and *Compco*, because the copiers invariably copy that which has demonstrated itself to be a commercial success. The argument was rejected in *Sears* and *Compco*, however, because the Court recognized that copyright laws and patent laws are not meant to protect investment capital. Rather, such laws, though meant to encourage "authors" and inventors, are primarily designed to protect the general public.[44] Congress alone has the Constitutional directive and ability to determine what kinds of inducements, if any, are needed to encourage such authors and inventors without unduly jeopardizing the rights of the general consuming public.[45]

However, it has no real validity with respect to sound recordings already published. As to such recordings, the economic question simply is whether the record companies are to be allowed to reap a windfall, at the expense of the consumer, on older recordings because one or more States want to grant additional rewards to the venture capital invested by one of their favorite industries.

Further, and equally important, Congress has indicated that it desires to review again the question of copyrights for sound recordings to determine if they are needed, and if so, in what form. Thus, the House Committee report which accompanied what is now PL 92-140 noted:

> "The purpose of the amendment is to provide a period for further consideration of various alternatives for solving the problems in this area, before resorting to permanent legislative enactment", House Report No. 92-487, U.S. Code Congressional and Administrative News, 92 Cong., 1st Sess. 1971 (Vol. 2), p. 1567.

Petitioners suggest that if such a desire for a period of "further consideration" is to be respected, the states must be prohibited from enacting their own individual versions of the "correct" solution.

[44]In *Mazer v. Stein*, 347 U.S. 201, 219 (1954) this Court held:

> "The copyright law, like the patent statutes, makes reward to the owner a secondary consideration."

[45]The question of whether copyright is needed at all, and if so for how long, is the topic of a scholarly work by Harvard Law School Professor Stephen Breyer. (Breyer, *The Uneasy Case*

Conclusion.

The judgment of the Court below, affirming petitioners' conviction, and upholding California Penal Code § 653h, is contrary to the Constitution and the implementing Federal Copyright laws and should be reserved.

Respectfully submitted,

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for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs, 84 Harv. L. Rev. 281 (1970).) Breyer's analyses and conclusions with respect to books, long thought to be a proper subject of copyright, would appear to apply with even greater force to sound recordings fixed or published prior to February 15, 1972, since such recordings have continually been denied federal copyright protection.

Breyer concludes (at page 351) that, "To demonstrate that an initial publisher's costs are high, while reproduction costs are low, is not sufficient to establish the need for copyright protection." He also points out that copyright is "very much of a mixed blessing" since it can lead to monopoly abuses. Finally, he concludes:

> "[T]he desirability of copyright protection will vary from one type of 'writing' to another. One must know facts about the particular industry involved before one can accurately weigh the various costs and benefits associated with copyright protection."

Petitioner submits that Breyer's reasoning, as applied to sound recordings, dictates that Congress alone is the appropriate form to decide the merits and scope of copyright protection for sound recordings. The states must not be allowed to substitute their individual judgments for that of the Congress.

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IN THE

Supreme Court of the United States

OCTOBER TERM 1971

Supreme Court, U.S.
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No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN
and DONALD KOVEN,
Petitioners,

v.

STATE OF CALIFORNIA,
Respondent.

ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT
OF THE SUPERIOR COURT OF COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA

MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE AND BRIEF AMICI CURIAE FOR Custom Recording Company, Inc.; Eastern Tape Corporation; K-N Enterprises, Inc.; and Omega Sales, Inc.

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OCTOBER TERM 1971

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN
and DONALD KOVEN,
Petitioners,

v.

STATE OF CALIFORNIA,
Respondent.

ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT OF THE SUPERIOR COURT OF COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE

For Custom Recording Company, Inc.;
Eastern Tape Corporation;
K-N Enterprises, Inc.;
and Omega Sales, Inc.

Amici include the following companies:, Custom Recording Company., in North Augusta, South Carolina; Eastern Tape Corporation in Charlotte, North Carolina; K-N Enterprises, Inc., in Shreveport, Louisiana; and Omega Sales, Inc., in Atlanta, Georgia. Amici hereby move, pursuant to Rule 42 of the Rules of this Court, for leave to file the attached brief amici curiae in the

above-entitled case. Consent to the filing of the brief has been sought from petitioners and from respondent, and petitioners have consented to the filing.[1] Respondents have refused to consent to the filing.

All amici are relatively small companies engaged in the manufacture and/or sale of eight-track stereo tape cartridges on which are embodied a number of musical performances. These musical performances are electronically copied by amici onto their tape cartridges directly from uncopyrighted sound recordings, usually phonograph albums, which were originally produced by manufacturers other than amici and which were purchased by amici on the open market. Amici seldom if ever copy all of the musical performances from any one phonograph album, preferring rather to combine on one tape cartridge musical performances selected from a plurality of phonograph albums so as to offer to the public a unique program selection of currently popular musical performances by several different artists.

Amici have all been in business for a relatively short time (ranging from several months to approximately two years), and they have endeavored to operate legitimately under all state and federal laws. Amici sell their products under their own distinctive labels, which include thereon amici's names and addresses as manufacturer, and amici submit statutory notices and royalty payments to the copyright proprietors of the underlying musical compositions used on amici's tape cartridges as required by the compulsory licensing provisions of the federal Copyright Act.[2]

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[1]The written consent of petitioners has been filed with the Clerk.

[2]17 U.S.C. §1(e).

Amici are aware that the rerecording industry, like most others, includes a misguided few who operate clandestinely and contrary to valid federal and state laws and whose legal position is unsound apart from the question of whether uncopyrighted sound recordings can be validly protected under state law. However, amici, firm in the opinion that published and uncopyrighted sound recordings are in the public domain and therefore legally subject to copying, have operated openly and legitimately, as indicated above, in providing new and distinct products of high quality to the public in response to a significant public demand that would otherwise go unsatisfied.

Because amici have openly challenged the position of the major recording companies to the effect that, as original manufacturers of uncopyrighted sound recordings, they automatically acquire absolute and perpetual monopoly rights in such sound recordings under state law, amici's entire business operations are constantly threatened with extinction under a barrage of harassment and litigation pursued on a huge scale in a concentrated effort to drive amici from the market place and thereby eliminate the open competition which amici offer to the consuming public.

Accordingly, amici's attached brief attempts to set out some of the practical aspects surrounding the legal questions presented in this case, which amici have learned from their experiences in the market place, and amici earnestly submit that these views of amici should be considered by this Court in deciding questions which so vitally affect amici's very existence.

Amici therefore respectfully request that the Court grant amici leave to file the attached brief amici curiae.

Respectfully submitted,

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Attorneys for Amici Curiae

IN THE

Supreme Court of the United States

OCTOBER TERM 1971

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BRIEF AMICI CURIAE
For Custom Recording Company, Inc.;
Eastern Tape Corporation;
K-N Enterprises, Inc.;
and Omega Sales, Inc.

I. INTEREST OF AMICI

Amici, as is more fully set forth in the Motion for Leave to File a Brief Amici Curiae, are separate corporations engaged in the manufacture and sale of eight-track cartridges similar to those sold by petitioners, such sale resulting in the conviction of petitioners under the

California criminal statute[1] being challenged here. All four amici attempt to sell their tape cartridges throughout many of the states in the United States and, as will become more apparent below, the legality of the products manufactured and sold by amici have been challenged directly in lawsuits brought against some amici under state law and indirectly by the presence of state criminal laws similar to the California statute presently before this Court.

Accordingly, the business interest of amici, and the personal interest of their officers and employees, are vitally affected by a decision of this Court relating to the constitutional validity of state laws declaring the products of the type manufactured and sold by amici to be illegal and therefore subject to criminal and/or civil sanctions.

II. STATEMENT

Amici purchase on the open market a substantial number of phonographic recordings which have been originally manufactured by other companies, and which are not entitled to protection under the federal Copyright Act because they were originally fixed or published prior to February 15, 1972.[2] Amici have transferred some of the musical performances embodied on these phonographic records to magnetic tapes which amici sell under their own distinctive label to the general public. Usually, each tape cartridge manufactured and sold by amici includes approximately fourteen to twenty different

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[1] California Penal Code, Sec. 653(h).

[2] Public Law 92-140, Section 3, amending the Federal Copyright Act, Title 17, U.S.C.

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law setting out the common law regarding such products. Because there is no uniformity of state law, amici, in addition to continually monitoring the legislative enactments of fifty different states, can proceed to offer their products in most states only on the pain of having state law ultimately declare that amici have acted contrary to the previous undecided law of unfair competition in that state, whereupon amici are subject to injunctions and monetary damages in addition to the loss of any investment required to commence business operations in that state. More significantly, perhaps, from a practical standpoint, amici must risk the burden of defending a number of different lawsuits in each such state, and it is believed apparent that the litigation expenses, compounded over a significant number of states, offer an intolerable financial burden, even if amici are successful in defending these lawsuits.

This litigation burden is neither illusory nor speculative. One amici, Eastern Tape Corporation, who has been in business for approximately two years, is presently having to defend eight different lawsuits in three states.[11] And another amici, Custom Recording Com-

[11]In the Superior Court of Charlotte, North Carolina, Eastern Tape Corporation is defending four unfair competition suits brought, respectively, by Liberty/United Artists, Inc. (70 CVS 15108), MCA, Inc. (71 CVS 2579, CBS, Inc. (71 CVS 4602), and Capitol Records, Inc. (71 CVS 15105); and three diversity suits asserting unfair competition under Illinois state law brought, respectively, by CBS, Inc. (72-C-341), Capitol Records, Inc. (72-C-340), and Atlantic Recording Corp. (72-C-1709), all in the U.S. District Court, N.D. Ill., Eastern Div.; and one diversity suit asserting unfair competition under Georgia state law brought by Gate City Record Service Co. et al (Civ. Act. No. 16500, N.D. Ga., Atlanta Div.). Eastern Tape Corporation and Custom Recording Company have been in business for approximately two years, and the remaining amici have been in business for less than one full year.

pany, is defending two lawsuits in two states,[12] all of these lawsuits relating directly to the question of whether the duplication of uncopyrighted sound recordings constitutes unfair competition under the common laws of the several different states involved.

These lawsuits have been brought against amici by some of the largest corporations in the country, including CBS, Inc., and Capitol Records, Inc., and it is obvious that relatively small re-recorders such as amici cannot hope to match the music industry giants in budgetary commitments for litigation purposes. The scope of the problem facing amici is illustrated by an article appearing at page 3 in the November 6, 1971, issue of *Billboard* magazine which indicates that the music industry has combined to amass a budget of $350,000 which has already been spent in attempting to stop companies such as amici from manufacturing or selling duplicated sound recordings, and has plans to commit over $1,000,000 in 1972 for the same purpose, with a "large percentage of the budget [going] towards a proposed war chest." All of this is presumably in addition to the individual "war chest" of the major recording companies. More recently, an article appearing at page 3 of the July 22, 1972, issue of *Billboard* magazine quotes the president of the major national recording industry association (RIAA) to the effect that such civil suits have been brought in 40 states against approximately 500 defendants.

Keeping in mind that the fifty states present fifty potential litigation battlegrounds, it is quickly apparent

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[12] *CBS, Inc. v. Custom Recording Co., et al.*, Court of Common Pleas, County of Aiken, State of South Carolina; and *Gate City Record Service Co. et al. v. Custom Recording Co., et al.*, (Civ. Act. No. 16500, N.D. Ga., Atlanta Div.).

that the tremendous economic inferiority of re-recorders such as amici puts them in the position of fighting a war of attrition that they cannot hope to win even though their legal position is sound. Amici have continued to defend the lawsuits brought against them in the belief that this Court's decisions in the *Sears* and *Compo* cases[13] substantiate their legal position, and in the hope that this Court would ultimately vindicate this belief by overturning contrary state court decisions and establishing a uniform federal law regarding the duplication of uncopyrighted sound recordings. But, in the absence of this relief, amici cannot withstand the ligitation burden which is now, and will undoubtedly continue to be, imposed on them by the large recording companies. Also, aside from the direct effect which this litigation burden has on those re-recorders presently defending lawsuits, the mere prospect of having to face such extensive litigation will discourage others who may otherwise wish to enter the field.

It is therefore earnestly submitted that the original manufacturers of uncopyrighted sound recordings are exercising unlawful monopoly rights in these sound recordings and, as a result, higher profits can be, and are, extracted from the public because of the absence of direct competition. A portion of these profits is then allocated to "war chests" designed to eliminate any challenge to such monopoly rights by sweeping the smaller challengers from the market place under an avalanche of litigation. The end result is the self-perpetuation of monopoly power that is absolute and totally devoid of any ultimate benefit to the public.

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[13] *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compo v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

This situation cries out for correction and vividly demonstrates the wisdom of the drafters of the Constitution and Judge Learned Hand in demanding that if product monopolies are to exist, then they must exist only for a limited time and under a uniform system of federal law designed to promote the public, rather than private, interest, and to protect this public interest against abuses inherently associated with improperly regulated monopoly power.

B. IF STATE LAWS ARE ALLOWED TO PROHIBIT THE COPYING OF FEDERALLY UNPROTECTED SOUND RECORDINGS, CONGRESS WILL BE UNABLE TO COMPARE PUBLIC INTEREST CONSIDERATIONS AND PRACTICAL MARKET CONDITIONS EXISTING IN CONNECTION WITH COPYRIGHTED AND UNCOPYRIGHTED SOUND RECORDINGS.

It is to be noted also that the problem of whether sound recordings should be the subject of a federal monopoly under the federal Copyright Act is not new. Between 1906 and 1951, no less than thirty-one bills providing protection for sound recordings were introduced in Congress (Staff of Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 86th Cong., 2nd Sess., *The Unauthorized Duplication of Sound Recordings*, U.S. Senate Study No. 26 by B. Ringer, pp. 21-37), and several additional bills were introduced after 1951. Yet, it was not until the 1971 Amendment[14] of the Copyright Act was enacted that Congress finally determined that the public interest would be served by granting copyright protection to sound recordings, and even this enactment is substantially qualified.

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[14] Public Law 92-140.

Thus, instead of permanently including sound recordings within the subject matter protectable under the federal Copyright Act, the 1971 Amendment grants copyright protection only to sound recordings produced after the effective date (February 15, 1972) of the Amendment and before December 31, 1974.[15] This unprecedented limitation is explained in House Report No. 92-487[16] where it is stated that "the purpose of the amendment is to provide a period for further consideration of various alternatives for solving the problems in this area, before resorting to permanent legislative enactment."

In this same Report, the Committee took the position that "the case for a compulsory license has not been established" and that "it would be wholly impractical in this legislation, to set up the complicated procedural machinery that would be required for the fair administration of a compulsory license even if it were found to have some advantage from the viewpoint of the public."[17] The Committee therefore concluded that "the entire question of compulsory licensing can be reexamined by the Committee when it again considers legislation for general revision of the copyright law."[18]

It seems implicit from this legislative history that Congress felt the need for legislation providing immediate interim protection for sound recordings under the federal copyright law, but the entire complicated question of

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[15] Id., Sec. 3.

[16] *U.S. Code Congressional and Administrative News*, 92 Cong., 1st Sess. 1971 (Vol. 2), p. 1567.

[17] Id., p. 1569.

[18] Id., p. 1570.

compulsory licensing of sound recordings was expressly reserved for detailed consideration by Congress prior to enacting permanent protection for sound recordings. It is significant in this regard that some of the amici appeared at the hearings held by the House of Representatives Committee on the Judiciary, Subcommittee No. 3, which was considering the 1971 Amendment, and that a formal statement was presented on behalf of such amici setting out in detail the advantages to be derived by the public if a compulsory licensing provision were included in the 1971 Amendment.[19]

It was the purpose of this statement to apprise Congress of the fact that these amici were offering to the public a new and distinct product not otherwise available on the market; namely, the so-called "mixed-hit" recording which includes on one tape cartridge a number of currently popular performances by different artists taken from phonographic albums of a plurality of original record manufacturers. The conventional practice of the major record manufacturers is to produce an album which contains approximately ten to twelve performances by one artist, only one or two of such performances having sufficient public demand to be released in single record form by such manufacturers. By substantial contrast, all of the performances included on a mixed hit recording are popular, and the public thereby has the opportunity to obtain a number of performances by different artists on one recording, all of such performances having current popularity. Amici argued that if the original manufacturers received reasonable compensation

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[19] Hearings on S. 646 and H.R. 6927, House of Rep. Committee on the Judiciary, Subcommittee No. 3, 92 Cong., 1 Sess. (1971), at 81 and 83.

under a compulsory license, then they would obtain a commensurate return on their original investment in producing a particular sound recording, and the public would have access to an infinite variety of performance selections on one album rather than being required to accept the one program content on an album offered by the original recording company.

It is believed clear, as indicated above, that Congress intends to give further consideration to the idea of providing a compulsory license for copyrighted sound recordings as a device for more fully protecting the public interest. To properly assess the entire situation and determine what effect the 1971 Amendment has had on the public, Congress will undoubtedly wish to consider market conditions surrounding federally unprotected sound recordings produced prior to February 15, 1972, as compared with market conditions existing for sound recordings that can be monpolized under the 1971 Amendment. Quite obviously, if state laws can provide state monopoly protection for those sound recordings left in the public domain under the federal Copyright Act, then Congress would have no valid basis for such a comparative study and the ability of Congress to act wisely in the field of copyrights would be substantially diminished. Moreover, if amici and all others like them can be struck from the market by state laws, there will be no one left to present to Congress, when it reconsiders the entire question of copyright protection for sound recordings, the practical advantages which may be obtained for the public from a compulsory licensing provision and, conceivably, copyright legislation devoid of such a provision could be enacted substantially by default.

As has been pointed out, monopolies are not favored in this country, and Congress, in granting the monopoly exception permitted under the federal patent and copyright laws, must carefully weigh the evils sought to be remedied by granting monopoly power against the evils that may be precipitated by the grant.[20] Since the Constitution places the power of granting copyrights solely in Congress, it would be manifestly unwise and improper if the states could deprive Congress of an opportunity to compare actual market conditions prevailing both with and without the existence of copyright protection, and thereby frustrate Congressional efforts to arrive at the best mode of protecting the public interest through its Constitutional mandate "to promote the progress of science and useful arts."[21]

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[20] See the dissenting opinion of Mr. Justice Brandeis in *International News Service v. Associated Press*, 248 U.S. 215, 264-65 (1918); Cf., Kaplan, *Performer's Right and Copyright: The Capitol Records Case*, 69 *Harv. L. R.* 409 (1956). Recently, Professor Breyer of the Harvard Law School has presented a detailed analysis of conflicting considerations which Congress must analyze in deciding upon the merits of the Copyright Revision Bill, S. 543, 91st Cong., 1st Sess. (1969). He concludes first that copyright protection has drawbacks and should therefore not be taken for granted, and that these "drawbacks should be more thoroughly understood before Congress votes on a bill that would significantly extended its boundaries." Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs*, 84 Harv. L. Rev. 281, 238 (1970).

[21] U.S. Constitution, Art. I, Sec. 8, Cl. 8.

IV. CONCLUSION

Upon all of the foregoing amici respectfully urge this Court to declare unconstitutional the California statute being challenged here, and to reaffirm the holding of this Court in *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964) that "when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article."

Respectfully submitted,

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Supreme Court, U. S.
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MICHAEL RODAK, JR., CLERK

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THE STATE OF CALIFORNIA,
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BRIEF OF THE ATTORNEY GENERAL OF THE STATE OF NEW YORK, *AMICUS CURIAE*, IN SUPPORT OF CONSUMER PROTECTION AND AFFIRMANCE

LOUIS J. LEFKOWITZ
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BRIEF OF THE ATTORNEY GENERAL OF THE STATE OF NEW YORK, *AMICUS CURIAE*, IN SUPPORT OF CONSUMER PROTECTION AND AFFIRMANCE

The Attorney General of the State of New York files this brief, as an *amicus*, by reason of the fact that New York has enacted (L.1967, ch. 680) a statute (New York General Business Law § 561), similar to the California statute (Cal. Penal Code, § 653h) whose constitutionality is challenged.

New York will urge that the California judgment of conviction and the constitutionality of the California statute be sustained as a proper means of consumer protection. Essentially our position will be that neither of

these statutes nor New York's companion statute (Gen. Bus. Law, § 560) conflicts with either federal constitutional or copyright law provisions. New York's companion statute (Gen. Bus. Law § 560) is a "labeling" statute which even the appellants (p. 12 footnote 20) concede to be an appropriate measure to prevent the "palming off" of items and which admittedly does not contravene the holdings in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp.* v. *Day-Brite Lighting*, 376 U.S. 234 (1964), upon which the appellants place their main reliance.

The New York statutory provisions are set forth at the conclusion of this brief.

ARGUMENT

Like New York General Business Law, § 561, The California Statute here challenged (Cal. Penal Code, § 653h) is an *anti-larceny* statute, whose enactment was within the State's police power. Theft of ownership or unlawful appropriation of sounds recorded on "phonograph record, disc, wire, tape or film" is not sanctioned by this Court's decisions in either *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 or in *Compco Corp.* v. *Day-Brite Lighting*, 376 U.S. 234.

Both *Sears* and *Compco* are patent cases. In each of those cases, the plaintiffs depended on invalid design and mechanical patents. Since neither plaintiff could claim the benefits of *invention*, neither could prevent the copying of designs which had come into the public domain. As Justice BLACK wrote (*Sears*, at p. 231):

> "An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so."

But neither of these patent decisions purports to or should be permitted to obliterate the law of "unfair competition".

Wrongful appropriation of *property* belonging to another person is one of the torts or crimes which the law of "unfair competition" has been designed to prevent. *International News Service* v. *Associated Press,* 248 U.S. 215 (1918).

The California statute before the Court, by its terms, deals simply with situations where property is appropriated "without the consent of the owner". It does not purport to create ownership rights. Since it does not purport to create ownership rights, it can not, as the petitioners contend (Brief, pp. 2, 9, 22, 27), *create* copyright rights or interminable "state copyrights".

The statute is designed to prevent the "pirating" of *pre-existing* property rights. The ultimate burden of proving that such rights existed before the copying rests on the prosecution. We are not presently concerned with any questions of order of proof or of the shifting of the burden of coming forward with evidence on the issue of ownership. But it would appear clearly from the terms of the statute that the prosecution ultimately would have to prove lack of "consent of the owner".

We shall leave to the parties and to other *amici curiae* any extensive discussion of the continuing survival of the principles of copyright law; and of the limited extent to which the 1971 federal statute furnishes some *federal* protection to recordings (Title 17 U.S.C. § 1[e], amended by P.L. 92-140). For our purposes, it would seem sufficient to stress that the historic decision of this Court in *International News Service* v. *Associated Press,* 248 U.S. 215 (1918), *supra,* dealing with the doctrine of "misappropriation", has never been overturned. In that case the Court dealt with the "pirating" of the substance of news reports. It noted (p. 250):

> "Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to

> divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news. The transaction speaks for itself and a court of equity ought not to hesitate long in characterizing it as unfair competition in business."

This Court continued (pp. 241-242):

> "It is said that the elements of unfair competition are lacking because there is no attempt by defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical, cases of unfair competition. *Howe Scale Co.* v. *Wyckoff, Seamans & Benedict,* 198 U.S. 118, 140. But we cannot concede that the right to equitable relief is confined to that class of cases. In the present case the fraud upon complainant's rights is more direct and obvious. Regarding news matter as the mere material from which these two competing parties are endeavoring to make money, and treating it, therefore, as *quasi* property for the purpose of their business because they are both selling it as such, defendant's conduct differs from the ordinary case of unfair competition in trade principally in this that, instead of selling its own goods as those of complainant, it substitutes misappropriation in the place of misrepresentation, and sells complainant's goods as its own."

Significantly, Judge PITNEY continued, for the Court (p. 242):

> "Besides the misappropriation, there are elements of imitation, of false pretense, in defendant's practices *The device of rewiring complainant's news articles, frequently resorted to, carries its own comment. The habitual failure to give credit to complainant for that which is taken is significant.* Indeed, the entire system

of appropriating complainant's news and transmitting it as a commercial product to defendant's clients and patrons amounts to a false representation to them and to their newspaper readers that the news transmitted is the result of defendant's own investigation in the field. But these elements although accentuating the wrong, are not the essence of it. *It is something more than the advantage of celebrity of which complainant is being deprived.*" (Emphasis supplied).

The New York Attorney General conducted extensive hearings in connection with the subject of record piracy. Complaints as to the poor quality of pirated records led to that investigation. The testimony at the hearings led the Attorney General to conclude that the complaints were justified; and, as a result, the Attorney General recommended the amendments to the New York Penal Law (L. 1966 chs. 982, 983) which were ultimately transferred (in the same form) to the General Business Law (L. 1967, ch. 680). The testimony made it clear that pirated records (second and third generation recordings) did not retain the quality of the master recordings.

The New York statutory provisions were sponsored by the Attorney General upon the suggestion of his Consumer Frauds Bureau, as a means of protecting consumers. To avoid burdening the record of this case with the testimony before the Attorney General which concerns a statute not directly before the Court, we annex for the Court's convenience a copy of the Attorney General's news release, dated February 14, 1966, relating to the Attorney General's recommendation that the anti-pirating statute be enacted (Appendix A); and we also annex a copy of the memorandum submitted to the Legislature by the Attorney General in support of the enactment of L.1966, chs. 982, 983 (Appendix B; also reproduced in McKinney's 1966 Session Laws, Vol. 2, at pp. 2962-2963).

Conclusion

The statute before the Court is simply another form of statute designed to prevent larceny. Presumptively, it is a correct exercise of the police power, *U.S.* v. *Carolene Products Co.*, 304 U.S. 144 (1938); *Goldblatt* v. *Hempstead*, 369 U.S. 590, 596 (1962); *Florida Avocado Growers* v. *Paul*, 373 U.S. 132 (1963). Instead of being drawn in general terms, to prevent the theft of property such as money, personal property, or other articles, substances or things of value (cf. New York Penal Law § 155.00) or of services (cf. New York Penal Law, § 165.15), it has been drawn to prevent the theft of a particular type of property—the property which someone already owns in a "phonograph record".* An anti-theft statute clearly should not be held unconstitutional. Otherwise, this Court will be leading this nation into paths of illegality and disorder.

The California judgment of conviction should be affirmed and the constitutionality of Cal. Penal Code, § 653h should be sustained.

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* By statute, the theft of specific types of property (e.g. power, electricity and the like), have been held to be made appropriate subjects of "larceny" even though not embraced within the definition of property which could have been the subject of a common law larceny. 50 Am. Jur. 2d Larceny §§ 74, 77, pp. 246, 248. See *People* v. *Menagas*, 367 Ill. 330, 11 N.E. (2d) 403, 113 A.L.R. 1276 (1937). There is no reason why, constitutionally, the theft of a specific type of property—phonograph records—could not also be made a "misdemeanor" by statute. Cf. New York Penal Law, Article 165, setting up as separate crimes "Other Offenses Relating to Theft", such as "Theft of services" (§ 165.10) and "unlawful use of credit card" (§ 165.17).

Dated: New York, New York, August 18, 1972.

Respectfully submitted,

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Amicus Curiae

SAMUEL A. HIRSHOWITZ
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APPENDIX A

From The Office Of:

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NEWS RELEASE

RELEASE A.M. NEWSPAPERS
MONDAY, FEBRUARY 14, 1966

Phonograph record "pirates" who have victimized thousands of music lovers as well as many of the country's top recording artists through the production and sale of counterfeit recordings are the target of two bills which will be introduced in the New York State Legislature today on the recommendation of Attorney General Louis J. Lefkowitz.

The Attorney General said the measures were drafted following public hearings he held and which disclosed widespread fraud and deceptive practices by numerous firms and individuals who counterfeit records and labels of major stars and recording companies and produce bogus recordings dubbed from genuine productions.

"The shocking scope of this racket was dramatically revealed by such major recording artists as Jose Melis, Xavier Cugat, Sammy Davis Jr., Nina Simone, and others *whose work was copied and sold to the public on poor quality records.* Some of the albums were deceptive even as to the extent of the performance of the artist named on the cover." Attorney General Lefkowitz said. (Emphasis supplied.)

Each of the proposed bills would add a new section to the Penal Law and put teeth into the enforcement of the law against the racket by making it a misdemeanor punishable by a jail sentence or fine to counterfeit phonograph records.

Appendix A

One bill prohibits the unauthorized copying of phonograph records for sale or profit. The Attorney General said that this measure not only will protect the public but also the recording artist, many of whom never knew that their work had been copied and sold as genuine until the fraud was exposed by his office.

The other measure strikes a blow at the racketeers who "counterfeit" recordings, have them "pressed" in clandestine factories and then put them on the market. It would provide that any person or firm that manufactures, "presses" or sells records must print on the album as well as the record itself the name and address of the manufacturer and presser. It also prohibits deceptive use of such words as "stereo" and "stereophonic."

Both measures will be introduced by Senator John J. Marchi, (R), of Richmond, and Assemblyman Milton Jones, (R), of Nassau.

From: Charles W. Stickle, Executive Assistant to the Attorney General

COrtlandt 7-9800, Extensions 7192, 7175 and 7187.

APPENDIX B

PHONOGRAPH RECORDS—PROHIBITION AGAINST UNAUTHORIZED COPYING

Text of Law, see Ch. 982

Memorandum of State Department of Law

This bill adds a new Section 441-c to the Penal Law, to prohibit the unauthorized copying of phonograph records for sale or profit. A violation of this section would be a misdemeanor.

Recent investigations conducted by the Bureau of Consumer Frauds of the Attorney General's office have revealed a widespread practice of "pirating" phonograph records to deceive the consuming public. The original recording is normally made on a high-quality master disc or tape which is then transferred in mass to high-quality plastic records and sold to the public as quality reproductions.

The "pirating" consists of transferring the master recording without the knowledge or permission of the owner, to low-quality copies, for sale to the public.

These investigations also reveal that many of the recording artists whose names appear on albums sold by counterfeiters had no knowledge of the existence of the album until it was brought to their attention by the Attorney General's office. A number of these recording artists have testified that pirated recordings of their work were made without their permission and were of poor quality.

Other practices of those who "pirate" records include record album covers which are deceptive as to the identity of the performer and the extent or scope of his performance. This bill would bring an end to such frauds upon the public.

This bill is part of the program of the Attorney General.

Appendix B

Phonograph Records—Manufacture, Sale and Labeling

Text of Law, see Ch. 983

Memorandum of State Department of Law

This bill adds a new Section 441-b to the Penal Law, to require those who manufacture, press, sell or distribute phonograph records, to print upon the record and the outside cover the name and address of the manufacturer and presser of the record.

The bill is a result of recent investigations conducted by the Attorney General's Bureau of Consumer Frauds into the counterfeiting and sale of bogus phonograph records. These investigations have revealed that many of the recording artists whose names appear on albums sold by counterfeiters have no knowledge of the existence of the albums. Many artists whose work was counterfeited have testified that these bogus records provide a poor quality of their work, thus cheating the purchaser.

As a result of another deceptive scheme, record fans of Julie London, Louis Armstrong, Rudy Vallee, Steve Lawrence and Tony Bennett, who thought they were purchasing record albums by these nationally famous recording artists, found that the records actually contained only a few selections made by the recording stars. The design of the record covers was apparently created to mislead the public in the mistaken belief that each featured artist performed exclusively on the record within the album cover. In fact, Rudy Vallee performed 2 out of a total of 13 selections; Vincent Lopez, 4 out of 11 selections; Julie London 4 out of 10 selections; Louis Armstrong, 2 out of 14 selections; Steve Lawrence, 4 out of 10 selections, and Tony Bennett, 4 out of 11 selections.

Appendix B

While the company involved agreed to discontinue these practices and to pay $1,000 in costs, one of the difficulties in bringing a halt to such deceptive practices is the fact that retailers often purchase such records from unknown middlemen. The requirement provided for in this bill that the manufacturer's name be placed upon the record, will discourage similar practices by others.

The bill further protects the public by defining the words "stereo" and "stereophonic" and by prohibiting the false labeling of any phonograph records or albums.

This bill is part of the program of the Attorney General.

APPENDIX C

N. Y. General Business Law, Article 29-D, §§ 560 & 561 (Added by L. 1967, ch. 680, effective Sept. 1, 1967), formerly Penal Law, §§ 441-D and 441-C, added by L. 1966, chs. 982 and 983, effective Jan. 1, 1967.

ARTICLE 29-D—PHONOGRAPH RECORDS

Sec.

560. Manfacture, distribution or sale of phonograph records without name and address of manufacturer; improperly labelling records "stereo" or "stereophonic".

561. Unauthorized copying of phonograph records.

§ 560. Manufacture, distribution or sale of phonograph records without name and address of manufacturer; improperly labelling records "stereo" or "stereophonic".

1. Any individual, partnership, corporation or association who is the manufacturer, or purports to be the manufacturer, of phonograph records, tapes or albums of phonograph records or tapes, and who knowingly sells, distributes or circulates, or causes to be sold, distributed or circulated for profit any phonograph record, tape or album of phonograph records or tapes, without the name and address of the manufacturer on the outside cover or jacket containing such record, tape or album of records or tapes, shall be guilty of a misdemeanor.

As used in this section, the word "manufacturer" shall mean any individual, partnership, corporation or association that owns or has been duly licensed to distribute, through regular retail channels, the master recording, master disc, master tape, master film or other device used for reproducing recorded sounds on phonograph records,

discs, tapes or other articles on which sound is recorded, and from which the transferred recorded sounds are directly or indirectly derived. It shall be sufficient compliance with this section that the name and address of either the owner or such licensee appears as required above.

2. Whoever prints or labels, or causes to be printed or labeled the word "stereo" or "stereophonic" upon any phonograph record or records or upon the outside cover or jacket containing any such record or records, knowing that such record or records is or are not stereophonic, shall be guilty of a misdemeanor. For the purposes of this section, "stereo" or "stereophonic" means any recording having two distinctly separate modulations derived from an original live recording in which a minimum of two separate channels are employed; except that such word or phrase may be used in connection with a recording having two distinctly separate modulations derived from an original monophonic recording if a clear and conspicuous disclosure is made, in immediate conjunction therewith, that the recording has been altered, changed, or recorded to simulate stereophonic reproduction.

3. It shall be a complete defense to any alleged violation of section 2 that the use of the word "stereo" or "stereophonic" is subject to and complies with the rules and regulations of, and the statutes administered by, the Federal Trade Commission or any official department, division, commission or agency of the State of New York.

§ 561. Unauthorized copying of phonograph records

Any person who: 1. Shall directly or indirectly by any means, knowingly transfer or cause to be transferred any

sounds recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with intent to sell, or cause to be sold, or to use or cause to be used for profit through public performance, such article on which such sounds are so transferred, without the consent of the owner.

2. Shall sell any such article with the knowledge that the sounds thereon have been so transferred thereon without the consent of the owner.

Shall be guilty of a misdemeanor.

As used in this section, the word "person" shall mean any individual, partnership, corporation or association; and the word "owner" shall mean the person who owns the master phonograph record, master disc, master tape, master film or other device used for reproducing recorded sounds on phonograph records, discs, tapes, films or other articles on which sound is recorded, and from which the transferred recorded sounds are directly or indirectly derived.

3. This section shall neither enlarge nor diminish the right of parties in private litigation.

4. Nothing in this section contained shall be construed to apply to any person lawfully entitled to use or cause to be used such sounds for profit through public performance, who transfers or causes to be transferred any such sounds as part of a radio or television broadcast or for archival preservation. Added L.1967, c. 680, § 59, eff. Sept. 1, 1967.

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SEP 20 1972

In the Supreme Court of the United States

OCTOBER TERM, 1971

NO. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

vs.

STATE OF CALIFORNIA,

Respondent.

On Writ of Certiorari to the Appellate Department of the Superior Court of the County of Los Angeles, State of California.

BRIEF AND APPENDIX OF THE ATTORNEY GENERAL OF THE STATE OF FLORIDA, AMICUS CURIAE, IN SUPPORT OF RESPONDENT

WILLIAM J. DUNAJ
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MIAMI REVIEW — 371-4853 — 377-3721

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BRIEF OF THE ATTORNEY GENERAL OF THE STATE OF FLORIDA, AMICUS CURIAE, IN SUPPORT OF RESPONDENT

The Attorney General of the State of Florida files this brief, as an *amicus* because the State of Florida has enacted Florida Statute 543.041 which is similar to Section 653(h), California's Penal Code under attack in the instant case. A copy of the Florida Statute is appended hereto as Appendix A. Thus, the State of Florida has a direct concern in upholding the validity of the Statute under attack in the instant case.

ARGUMENT

Florida urges that the California Statute be sustained as a proper state legislative enactment. Florida is aware of the other briefs filed in the present case *amicus curiae* as well as the brief of the Respondent. Because of the number of briefs, and because they very capably advance the important issues, Florida will join in on the arguments in those briefs and not burden this Court with an extended brief. However, it is significant that Florida and a number of other states have each independently assessed the business practices of the record duplicators and passed laws similar to California's Statute outlawing them. The business of duplicating other people's recordings and selling second and third hand copies as the original is deceptive to the public, theft as to the owner of the recording and not significantly different from the business of duplicating other people's signatures on checks or securities for profit. It is urged that States have the power and the duty to pass these laws to protect their citizens.

CONCLUSION

Since there is no conflict between these laws, as typified in the California law, and the federal Constitution or legislation, the Statute should be upheld as an appropriate state regulation.

Respectfully submitted,

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Amicus Curiae

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that three true copies of the foregoing brief were this ____ day of September, 1972, mailed to GOTTLIEB, LOCKE & LEEDS, 9229 Sunset Boulevard, Suite 306, Los Angeles, California, 90069, attorneys for Petitioners and to David M. Schacter, Office of the City Attorney for the City of Los Angeles, Los Angeles, California, attorney for Respondent.

WILLIAM J. DUNAJ
Special Assistant Attorney General

APPENDIX A

FLORIDA STATUTE 543.041

543.041 Unauthorized copying of phonograph records, disc, wire, tape, film or other article on which sounds are recorded.—

(1) As used in this section, unless the context otherwise requires:

(a) "Owner" means the person who owns the master phonograph record, master disc, master tape, master film, or other device used for reproducing sounds on phonograph records, discs, tapes, films, or other articles upon which sound is recorded, and from which the transferred recorded sounds are directly or indirectly derived.

(b) "Person" means any individual, partnership, corporation, or association.

(2) It is unlawful:

(a) Knowingly and willfully and without the consent of the owner, to transfer or cause to be transferred any sounds recorded on a phonograph record, disc, wire, tape, film, or other article on which sounds are recorded, with the intent to sell or cause to be sold for profit such article on which sounds are so transferred.

(b) To sell any such article with the knowledge that the sounds thereon have been so transferred without the consent of the owner.

(3) Any person violating any provision of subsection (2) shall be guilty of a misdemeanor of the second degree, punishable as provided in §775.082 or §775.083.

(4) This section shall neither enlarge nor diminish the right of parties in private litigation. This section shall not be construed in any way to affect §§543.02, 543.03, and 543.04.

History.—§§1, 1A, ch. 71-102.

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ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT OF THE SUPERIOR COURT OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

MOTION OF RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC. FOR LEAVE TO FILE BRIEF *AMICUS CURIAE*

The Recording Industry Association of America, Inc. ("RIAA") hereby respectfully moves for leave to file the attached brief *amicus curiae*. Counsel for respondent has consented to the filing of this brief, but counsel for petitioners has declined to consent.*

---

* The letter from counsel for respondent giving consent to the filing of this brief is on file with the Clerk of this Court. The letter from counsel for petitioners also is on file.

The Interest of the *Amicus Curiae*

RIAA is a non-profit New York corporation, whose membership consists of sound recording companies which together account for close to 90% of all authorized phonograph records and prerecorded tapes manufactured and sold in the United States.* Among RIAA's basic purposes is the representation of its membership before legislative, regulatory and judicial bodies with respect to federal, state and local legislation and regulations affecting the entire sound recording industry.

RIAA has urged the adoption of state legislation designed to eliminate the manufacture and sale of unauthorized duplications of sound recordings, including Section 653h of California's Penal Code which is under attack in the instant case. RIAA also has been active in representing the sound recording industry before the Congress of the United States. The testimony and detailed information provided to Congress by RIAA were instrumental in the passage of Public Law No. 92-140, 85 Stat. 391 (October 15, 1971), which provides federal statutory copyright protection for sound recordings made after February 15, 1972. RIAA's status as an appropriate representative of the sound recording industry was specifically recognized by the granting of its motion to intervene as a defendant in the case of *Shaab* v. *Kleindienst*, 174 U.S.P.Q. 197 (D.D.C. 1972),** which upheld the constitutionality of Public Law No. 92-140.

---

* The Membership List of RIAA is set forth as Appendix A to the Brief annexed hereto.

** The report of this case in the advance sheets contains an error in the name of RIAA and also identifies it incorrectly as an *amicus curiae* instead of an intervenor-defendant.

Thus, RIAA is intimately acquainted with the legislative history and purposes of the state statute which petitioners assert is incompatible with federal copyright policy, and also of the federal act which petitioners claim has a pre-emptive effect. It also has developed an extensive knowledge of the economics of the industry and the working operations of the pirates.

While the respondent has a specific interest in upholding the validity of the statute under which petitioners pleaded *nolo contendere,* RIAA represents the broader interests of the sound recording industry. These broader interests are intimately involved in this case, because a decision that Section 653h of the California Penal Code is unconstitutional would, by implication, invalidate all state law in this area, both civil and criminal. The result would be to permit the unrestricted duplication of the vast majority of sound recordings now in existence. These sound recordings, which constitute the very life blood of RIAA's members, have been protected in an almost unbroken line of decisions for well over half a century. Such a decision would have a direct and devastating impact upon the members of RIAA, as well as on many other individuals and enterprises connected with the production and sale of sound recordings.

Accordingly, because of its extensive knowledge of and direct interest in the issue presented for decision in this case, RIAA requests permission to file the attached brief *amicus curiae* in support of respondent herein.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1971

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

—against—

STATE OF CALIFORNIA,

Respondent.

ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT OF THE SUPERIOR COURT OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BRIEF OF RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC., *AMICUS CURIAE*

A. THE INTEREST OF THE *AMICUS CURIAE*

The interest of the *amicus curiae* is set forth in the motion to which this brief is appended.

B. SUMMARY OF ARGUMENT

The piracy of sound recordings is an anti-competitive activity that would virtually destroy the recording industry if this Court were to legalize it by reversing the judgment below. That such pernicious conduct cannot be condoned

is the substantially unanimous view of numerous judges in many jurisdictions, of various state legislatures, of the Congress and Executive branch of the United States, and of the international community.

Sound recordings have been protected under the "misappropriation" unfair competition doctrine enunciated in the *INS* case. This doctrine evolved on a case-by-case basis to deal with a variety of blatantly inequitable practices, such as record and tape piracy. The *Sears* and *Compco* decisions relied on by petitioners did not even mention *INS,* and we cannot believe that the Court could have intended to overrule all misappropriation law *sub silentio.*

In addition, sound recordings are unpublished works which are protectable under common law copyright. *Sears* and *Compco* cannot be read so as to declare that state protection of unpublished works is constitutionally preempted because this interpretation is contrary to accepted canons of construction. Nor could *Sears* and *Compco* have decreed statutory preemption in view of the explicit Congressional recognition of state power in Section 2 of the Copyright Act of 1909, as later confirmed in Section 3 of the sound recording amendment to the Copyright Act, effective February 15, 1972. Petitioners were convicted prior to that date for acts committed much earlier, and the application of the California statute to recordings made after the effective date of the amendment is not an issue here.

In any event, *Sears* and *Compco* are distinguishable in that they dealt with patent questions which differ significantly from copyright questions; they dealt with the *imitation* of physical objects as distinguished from *exact*

electronic *duplication* of the performances comprising sound recordings; and they dealt with plaintiffs who had chosen to rely on a federal statutory form of protection to which they subsequently were held not to be entitled, while there was no possibility of federal statutory protection for the sound recordings duplicated by petitioners in this case.

Moreover, there is a legitimate state interest in protecting sound recordings from predatory activity which is equivalent to larceny. Therefore, the validity of this state criminal statute should be upheld and the judgment below should be affirmed.

C. FACTUAL BACKGROUND

I.

The Sound Recording Industry

The sound recording industry of the United States "has assumed a major role in the world of music, entertainment, and communication. Its product has an almost universal audience . . . ."[1]

Retail sales of recordings rose from $48,000,000 in 1940 to almost $200,000,000 in 1950, $600,000,000 in 1960 and approximately $1,700,000,000 in 1970.[2] An increasingly large proportion of these total sales is attributable to prerecorded tapes—mostly in the form of tape cartridges

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[1] C. Corry, The Phonograph Record Industry; An Economic Study, Feb. 9, 1965, at 1 (Library of Congress Legislative Reference Service) [hereinafter cited as Corry].

[2] S. Shemel and M. W. Krasilovsky, This Business of Music xvii (Rev. ed. 1971) [hereinafter cited as Shemel].

or tape cassettes.[3] In 1966 sales of prerecorded tapes accounted for only approximately $40,000,000 at retail; by 1970 sales of prerecorded tapes had increased to $428,000,000, or 26% of the industry's total sales;[4] and by 1971 sales of prerecorded tapes accounted for approximately $507,000,000.[5]

Not only is the market vast, but access to it is relatively easy because recording studios and manufacturing facilities are available on a contract basis. New recording companies accordingly are constantly making their way into the industry. In 1965 it was reported that the market share of the five largest recording companies had been declining steadily since the early 1950's, a decline attributed in part to "the ready availability of processing facilities to small companies."[6] In 1970, hundreds of record companies were in operation in the United States.[7]

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[3] For definitions of these and other terms commonly used in the sound recording industry, see the Glossary set forth as Appendix B hereto.

[4] SHEMEL, *supra*, at xviii; Statement of Stanley M. Gortikov on Behalf of RIAA, *Prohibiting Piracy of Sound Recordings, Hearings on S. 646 and H.R. 6927 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 92d Cong., 1st Sess. [hereinafter cited as *Piracy Hearings*], ser. 7, at 25 (1971).

[5] BILLBOARD, Jan. 1, 1972, at 29.

[6] Statement of John Desmond Glover, Professor of Business Administration, Harvard University Graduate School of Business Administration, on Behalf of RIAA, *Copyright Law Revision, Hearings on H.R. 4347, H.R. 5680, H.R. 6831, and H.R. 6835 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 89th Cong., 1st Sess. [hereinafter cited as *House Revision Hearings*], ser. 8, pt. 2, at 913-14 (1965). Glover's study is the most recent industry-wide economic study available. *See also* Corry, *supra*, at 48.

[7] Tape Indus. Ass'n of America v. Younger, 316 F.Supp. 340, 343 (C.D. Cal. 1970), *appeal dismissed*, 401 U.S. 902 (1971), *appeal docketed*, No. 26-628, 9th Cir., Oct. 22, 1970 [hereinafter cited as TIAA v. Younger].

Many producers entering the market with a minimal investment have been able to produce "hit" recordings which provide the basis for growth into a major record company. A well-known example is A&M Records, which started in 1962 with an investment of $200 to make one recording that became a great commercial success and supplied the capital for expansion. A&M Records went on to become an established member of the industry.[8]

The consuming public has benefited from the large number of recording companies. Every year approximately 6,000 singles and 4,000 long-playing records are released in the United States.[9] Furthermore, because of special provisions in the Copyright Act, everyone—large and small producer alike—has the right to use the musical compositions (as distinguished from the identical performances) recorded by any competitor.[10] As a result, the public often is given a choice between several versions of the same song.[11]

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[8] H. Boye, How to Make Money Selling the Songs You Write 22-3 (1970). A&M Records is the very company whose recordings were the subject of Counts I—X of the Misdemeanor Complaint against petitioners. Appendix to Brief of Petitioners at 15-23.

[9] Shemel, *supra*, at xix—xx; Billboard International Buyer's Guide 1971-72, Sept. 18, 1971, at 8.

[10] Copyright Act §1(e), 17 U.S.C. §1(e). Whenever the copyright owner of a musical composition permits it to be recorded, anyone thereafter may make his own independent original recording of the composition upon payment of a statutory royalty to the copyright proprietor. *See* Diamond, *Copyright Problems of the Phonograph Record Industry*, 15 Vand. L. Rev. 419, 420-29 (1962).

[11] Between 1953 and 1964, 62 domestic record companies made at least 207 different releases of the song entitled "I Believe." Several companies released a number of different recordings of the same composition by different artists and musical groups. Statement of Glover, *supra, House Revision Hearings*, ser. 8, pt. 2, at 785 (1965).

"Although the industry is easy to enter and a newcomer may make fantastic profits through a record hit, it is also a highly competitive and risky business."[12] Competition within the industry and from other sources of entertainment led to a continuous decrease from 1909 to 1963 in the average price paid by consumers for sound recordings.[13]

Intense competition and the risks inherent in a business appealing largely to the popular taste have put constant pressure on profits. In 1964, only 300 of the approximately 3,000 individuals and companies who had phonograph record labor contracts with the American Federation of Musicians reported a profitable year.[14] In 1965, the net profit of the industry, after taxes, was calculated at 1.7 percent of net sales.[15]

It was estimated in 1965 that 60% to 70% of all long-playing albums lost money.[16] More recent industry estimates indicate that as many as nine out of ten albums

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[12] Corry, *supra*, at 247; *see also* Statement of Robert R. Nathan on Behalf of Music Publishers Protective Association, Inc., *House Revision Hearings*, ser. 8, pt. 3, at 1740 (1965).

[13] Statement of Clive J. Davis, Vice President and General Manager of CBS Records, *Copyright Law Revision, Hearings on S. 597 Before the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Comm. on the Judiciary*, 90th Cong., 1st Sess. [hereinafter cited as *Senate Revision Hearings*], pt. 2, at 516 (1967). *See also* Statement of Glover, *supra, House Revision Hearings*, ser. 8, pt. 2, at 822-823 (1965).

[14] Statement of Alan W. Livingston, President of Capitol Records, Inc., *Senate Revision Hearings*, pt. 2, at 495 (1967).

[15] Statement of Glover, *supra, House Revision Hearings*, ser. 8, pt. 2, at 801 (1965).

[16] *Id.* at 797-799.

currently lose money.[17] "It is the small percentage of hits that pays the tab for all." [18] In the field of classical music, the number of successful recordings is even smaller than one in ten. Yet, established recording companies continue to produce classical records, even though they must be subsidized from other revenues.[19]

The increase in the number of unprofitable recordings is attributable in part to increased production costs.[20] Another reason obviously has been the increase in the parasitic practice of record and tape piracy.[21]

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[17] Statement of Gortikov, *supra, Piracy Hearings,* ser. 7, at 25 (1971); Statement of Hon. Richard H. Fulton, Congressman from Tennessee, *Piracy Hearings,* ser. 7, at 6 (1971).

[18] Statement of Isabelle Marks, Assistant Secretary of Decca Records, a division of MCA, Inc., *Senate Revision Hearings,* pt. 2, at 527 (1967).

[19] Statement of Davis, *supra, Senate Revision Hearings,* pt. 2, at 516-517 (1967).

[20] For a more complete discussion of production costs, see Section C.II entitled "The Production of Sound Recordings", *infra.* More sophisticated recording techniques and increasingly expensive equipment and technicians are one component of this increased expense. Another well-known component is the ever-growing expense of recording artists. An often overlooked factor is the increased cost of musicians who provide musical accompaniment. As of 1963, according to Corry (at 211), the minimum wage rate for American Federation of Musicians members was $56 for a 3-hour recording session. As of October 1, 1970 this figure had jumped to $90. SHEMEL, *supra,* at 53.

[21] *See* VARIETY, May 10, 1972, at 71. "Piracy" has become the term normally used by the courts and the public to describe the type of conduct for which petitioners were convicted. *See* TIAA v. Younger, *supra,* at 351: "Plaintiffs in this action are known in the record industry as 'tape pirates' and rightly so, for to the best of our knowledge all other courts that have had occasion to consider the conduct of such 'tape pirates' have sanctioned state limitations upon their piratical activities." *See* cases cited in footnotes 51 and 52, *infra.*

II.

The Production of Sound Recordings

The production of an original sound recording is an intricate and expensive process. Typically, it begins with the selection of several musical compositions determined to be suitable for performance by a particular vocalist. Special instrumental arrangements of these compositions are written and musicians are engaged to perform the orchestral accompaniment. Numerous rehearsals take place in the recording studio. The placement of microphones is critical and hours of experimentation may be required to achieve the desired tonal balance. During the recording process itself, adjustments constantly are made in the control room where the sounds of the performance are converted electronically into impulses on magnetic tape—sometimes on 16 or more separate tracks. The results of a successful "take" must then be edited into a master tape, and further electronic and mechanical processing are required before a finished disc record or prerecorded tape can be manufactured in quantity for sale to the public.[22]

In addition to the obvious costs involved in the use of skilled personnel, studio facilities and manufacturing plants, there are other expenses peculiar to the recording industry. Featured artists receive royalties based on the number of records sold. Other performers are paid for their services at rates not less than those fixed in union

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[22] D. MURRAY, THE WORLD OF SOUND RECORDING 44-6 (1965); Statement of Livingston, *supra, Senate Revision Hearings*, pt. 2, at 494 (1967); Diamond and Adler, *Proposed Copyright Revision and Phonograph Records*, 11 AIR L. REV. 29, 47 (1940).

contracts, and recording companies also are required by contract to make continuing royalty payments to trustees for the benefit of performing artists. Finally, when copyrighted music is used (which is the normal situation), the recording company must pay royalties to the copyright proprietor for every record sold.[23]

Even though the initial investment to produce a recording for a single can be small, the cost of producing a recording for a long-playing album with an established artist can be staggering. Pre-release costs (*i.e.*, prior to any manufacturing or advertising expense) run from a minimum of $50,000 or $55,000 to $75,000 or $80,000, according to various informed estimates.[24] The total expenditure involved at the point where manufacture, distribution and promotion have been undertaken is from $180,000 to $200,000.[25] And the continuing royalty payments outlined above must be paid even though total sales may be insufficient to recoup the recording company's investment.

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[23] CBS, Inc. v. Spies, 167 U.S.P.Q. 492, 493 (Ill. Cir. Ct. 1970); Comment, *Performers' Rights and Copyright: The Protection of Sound Recordings from Modern Pirates*, 59 CALIF. L. REV. 548, 562 (1971).

[24] Capitol Records, Inc. v. Spies, 130 Ill. App. 2d 429, 264 N.E.2d 874, 875 (1970); Statement of Gortikov, *supra, Piracy Hearings*, ser. 7, at 26-8 (1971); TIAA v. Younger, *supra*, at 344.

[25] Statement of Gortikov, *supra, Piracy Hearings*, ser. 7, at 26 (1971).

III.

The Operation of Record and Tape Pirates

Record and tape piracy has grown at an alarming rate in recent years due to advancing technology. However, the activity in which petitioners and others like them are engaged has an ancient if not honorable history. In 1919, when player pianos were in vogue, the Federal Trade Commission issued a cease and desist order against the unauthorized duplication of perforated paper music rolls, based on the ultimate finding that:

> "the effect of the practice on the part of the respondent in making said duplicated or copied rolls from the original rolls of competing manufacturers and the sale of the same in interstate commerce in competition with competing manufacturers or wholesalers or retailers of the products of competing manufacturers is to secure to the respondent an undue advantage over competitors by appropriating the results of competitors' ingenuity, labor, and expense, and thus avoiding the cost of producing the aforesaid master rolls." [26]

The techniques of modern-day pirates are simple and inexpensive:

> "[They] purchase on the open market long playing disc phonograph records which have been manufactured and sold through the usual commercial channels by record companies. Such disc phonograph records are generally referred to as albums and they usually contain 10 to 12 performances of one artist or group of artists. . . . After purchasing an album, [they] make a tape recording of the exact sounds recorded on the

[26] FTC v. Orient Music Roll Co., 2 F.T.C. 176, 179 (1919).

album. The tape is made by playing the album on a record player connected to a tape recorder which turns out a tape. When this master tape is finished, it is played on a machine known as a 'tape playback deck'. The 'tape playback deck' is connected to machines known as 'tape slaves' which in turn make additional tape recordings of the sound which have been transferred from the record album to the master tape. A large number of 'tape slaves' may be connected to one 'tape playback deck' so that a correspondingly large number of tape recordings can be made at one time. After the tapes have been made by use of the 'tape playback deck' and the 'tape slaves', each of the new tapes is placed on a hub. Each hub is placed into a plastic cartridge, and the ends of the tape are spliced together so that it forms a continuous 'loop' in the cartridge. The cartridge is sealed, tested, packaged, and labeled. . . . *Other than the small sums required to make and distribute their tapes, [they] do not pay any other expenses.*" [27]

With the increased popularity of tape cartridges and cassettes, would-be pirates need not invest in the costly metal presses and other equipment required to produce disc phonograph records. All that is needed is the relatively inexpensive machinery to produce tapes.[28] This has

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[27] TIAA v. Younger, *supra*, at 342-3 (emphasis added). The specific method of operation used by petitioners is summarized in the Affidavit in Support of and Petition for Search Warrant. Appendix to Brief of Petitioners, at 41-2.

[28] "Illegally duplicating tapes turned out to be much simpler than pirating discs. The necessary equipment was less bulky and far quieter than the large presses needed to stamp out discs; it could be set up in a garage, a basement or the back room of a shop." Livingstone, *Piracy in the Record Industry*, STEREO REVIEW, Feb. 1970, at 63. This compactness and quietness are important to the illegal operations, which are generally clandestine and highly mobile. For descriptions of pirate enterprises utilizing such devices

made piracy even more profitable and easy to undertake, and has further underscored the fact that pirates "circumvent a great portion of the costs of engaging in the recording business." [29]

Indeed, compared to the costs of the producer of the original recording, the pirates have virtually no expense, and their profits reflect this fact. "The unauthorized recordings are generally sold by the manufacturers at a profit of at least 200% . . . ." [30] Naturally, the recording industry cannot match the pirates' costs: "The pirate can go into business for as little as $500. Yet, we can't even take one artist into one studio for one hour for $500." [31] As a result, the price of the pirated article typically is far below that of the original.

> "Illegally duplicated material is being supplied to retailers at a price sometimes as low as $2.00, which is about half the cost to the wholesaler of the legitimate product. The reasons for this are clear—minimal investment by the pirate as against significant costs to the legitimate manufacturing company which pays the

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as armed guards, dummy names, telephone answering services which do not know the identity of their clients, post office boxes and other such devices, see Statement of Gortikov, *supra, Piracy Hearings,* ser. 7, at 26 (1971); Statement of Robert C. Osterberg on Behalf of The Harry Fox Agency, Inc., *Piracy Hearings,* ser. 7, at 64 (1971); *see also* Duchess Music Corp. v. Stern, 331 F.Supp. 127, 128 (D. Ariz. 1971), *rev'd,* 458 F.2d 1035 (9th Cir. 1972).

[29] Liberty/UA, Inc. v. Eastern Tape Corp., 11 N. C. App. 20, 21, 180 S.E. 2d 414, 416, *appeal dismissed,* 278 N.C. 702, 181 S.E. 2d 600 (1971).

[30] Statement of Osterberg, *supra, Piracy Hearings,* ser. 7, at 64 (1971).

[31] Statement of Gortikov, *supra, Piracy Hearings,* ser. 7, at 25 (1971).

performers, musicians' expenses, costs of promotion and the like. As a result, pirated merchandise can be sold, as, for example, in the case of a single tape cartridge, at retail for two or more dollars less than the legitimate retailer must obtain for his merchandise." [32]

The avoidance of production costs and the resulting profits obtained by pirates is only part of the story. Pirates not only circumvent costs; they eliminate risks because "the illegal duplicator reproduces only the hit recordings so that he severely injures the sales of those products which must make up for the substantial investments made by the legitimate record companies in records which prove unsuccessful." [33] Some pirates have sought to justify their activities as a service to the public because they make available a collection of hit recordings by various different artists at a bargain price. This argument is specious because the alleged "right" to duplicate sound recordings for which all pirates contend is not conditioned on a particular type of end product. Either the "right" exists or it does not, irrespective of the form of the reproduction. In any event, the collection of hit recordings and the bargain price become possible only because the pirates avoid the costs and risks incurred by the makers of the original recordings. Any stolen product, for which the basic costs are not paid, can be offered to consumers at a bargain price whether it is a pirated recording or a stolen television set.

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[32] Statement of Jack Grossman, President of the National Association of Record Merchandisers, Inc., *Piracy Hearings*, ser. 7, at 47 (1971).

[33] *Id.* *See also* Statement of Gortikov, *supra*, *Piracy Hearings*, ser. 7, at 25 (1971).

The minimal investment, exorbitant profits, and avoidance of risks have caused piracy to grow to alarming proportions in recent years. In 1960, the annual sale of pirated sound recordings was estimated at $20,000,000.[34] In 1968, the year in which California passed the anti-piracy statute under which petitioners were convicted, the figure was estimated at $30,000,000.[35] In 1971, the figure was put at $100,000,000.[36] Current estimates place the sale of pirated recordings at $150,000,000 a year.[37] Recording companies producing prerecorded tapes have been particularly hard-hit; it is estimated that one of every four tapes produced is pirated product.[38]

The victims of piracy are not limited to producers of original recordings. The pirate does not pay royalties to artists, to the trustees of performers' funds or, with rare exceptions, to music copyright owners. Furthermore, cities, states and the federal government all lose revenues because pirates, again with rare exceptions, do not pay

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[34] Statement of Hon. Emanuel Celler, Chairman, House Judiciary Comm., *Piracy Hearings,* ser. 7, at 4 (1971).

[35] Statement of Henry Brief, Executive Director, RIAA, Before the Criminal Procedures Committee, California State Assembly, Mar. 26, 1968.

[36] Statement of Celler, *supra, Piracy Hearings,* ser. 7, at 5 (1971); Statement of Henry Brief, Executive Director, RIAA, Before the Commerce and Industry Committee, Arizona House of Representatives, Feb. 15, 1971.

[37] CASH BOX, Editorials of Feb. 5, 1972, at 3, and May 27, 1972, at 3.

[38] Statement of Celler, *supra, Piracy Hearings,* ser. 7, at 5 (1971); Statement of Gortikov, *supra, Piracy Hearings,* ser. 7, at 25 (1971).

taxes.[39] Countless wholesalers and retailers also are being victimized by having their business siphoned off. It has been estimated that music publishers and the songwriters they represent are losing more than $10,000,000 a year in copyright royalties due to pirated tapes alone (not including discs),[40] and that in 1969 the musicians of the American Federation of Musicians and the vocalists of the American Federation of Television and Radio Artists lost nearly $20,000,000 in income as a result of the sale of pirated tapes and discs.[41]

Still another adverse consequence of piracy frequently is the dissemination to the public of recordings which are inferior to the originals from which they are taken.[42] The reasons for the inferior quality of the pirated product are several:

> "[F]irst, because each generation of transferred recorded sounds will inevitably reduce the quality of the sound; second, because . . . pirates do not have access to the highly trained personnel or the sophisticated

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[39] H.R. REP. No. 92-487, 92d Cong., 1st Sess. 2 (1971) and S. REP. No. 92-72, 92d Cong., 1st Sess. 4 (1971); Statement of Henry Brief, Executive Director, RIAA, Before the Commerce and Industry Committee, Arizona House of Representatives, Feb. 15, 1971; Statement of Albert Berman, Managing Director of The Harry Fox Agency, Inc., *Piracy Hearings*, ser. 7, at 58 (1971).

[40] Marketing—The $100-Million Market in Bootleg Tapes, Business Week, May 15, 1971, *reprinted in Piracy Hearings*, ser. 7, at 44, 46 (1971).

[41] Statement of Hal C. Davis, President, American Federation of Musicians, *Piracy Hearings*, ser. 7, at 59 (1971).

[42] *See, e.g.*, Capitol Records, Inc. v. Erickson, 2 Cal. App. 3d 526, 530, 82 Cal. Reptr. 798, 800 (1969), *cert. denied*, 398 U.S. 960 (1970) [hereinafter cited as Capitol Records v. Erickson]; RCA v. Premier Albums, Inc., 19 App. Div.2d 62, 63, 240 N.Y.S. 2d 995, 996 (1st Dept. 1963); Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp., 199 Misc. 786, 790, 101 N.Y.S. 2d 483, 487 (Sup. Ct. 1950), *aff'd per curiam*, 279 App. Div. 632. 107 N.Y.S.2d 795 (1st Dept. 1951).

electronic equipment employed by the legitimate industry; and third, because they don't care about quality—they just want to cash in on the quick buck." [43]

Among the principal victims of the inferiority of pirated recordings are the performers, because consumers attribute poor quality to their inadequacy.[44] Where the original manufacturer is known, that company may well be blamed by the consuming public for the poor quality of the pirated product.

From the foregoing it is clear that the recording industry is an economically complex one, in which the compensation of vocalists, musicians and composers for their artistic contributions (as well as payments to trustees of performers' funds) is based in large part on sales of the finished product made by manufacturers of the original sound recordings. Sales made by tape and record pirates obviously do not contribute to the payment of the numerous creative interests affected. Furthermore, the recording industry is a risky and competitive one, in which profits from the relatively few "hits" are necessary to pay for the wide variety of sound recordings now enjoyed by the consuming public, and to make possible the entry of new competitors. It is these very profits which are siphoned off by the pirates, who, by appropriating the expenditures and talent of others only *after* they have proved successful, circumvent most of the costs and all of the risks of the producers of the original recordings.

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[43] Statement of Henry Brief, Executive Director, RIAA, Before the Commerce and Industry Committee, Arizona House of Representatives, Feb. 15, 1971.

[44] Statement of Grossman, *supra*, *Piracy Hearings*, ser. 7, at 49-50 (1971). The titles of the performances and the names of the performing artists invariably appear on the pirated reproductions without authorization.

D. ARGUMENT

I.

Reversal of the Judgment Below Would Have the Effect of Overturning Long-Standing Principles of State Law on Which the Ownership of Sound Recordings Is Based, Including Various Recent Decisions Distinguishing *Sears* and *Compco*. The Consequences to the Recording Industry Would Be Disastrous. No Overriding Considerations of Public Policy Compel Such a Result.

Reduced to its essentials, petitioners' position is that the decisions of this Court in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) prohibit the states from protecting sound recordings against unauthorized duplication. This specific question, of course, was not raised in the *Sears* and *Compco* cases, which dealt with lighting fixtures, a totally different kind of product. Moreover, as we shall demonstrate, the policy considerations of insuring a competitive market which supported the result in *Sears* and *Compco* are absent here, and those identical policy considerations require affirmance of the judgment below.

In *Sears* and *Compco*, federal patent policy was invoked to prevent a state from interfering with free competition in unpatentable objects. Although petitioners seek to hide behind the facade of alleged competition, it has been widely recognized that the piracy of sound recordings is essentially anti-competitive in nature. The position of the Department of Justice on that issue was stated in its

comments on the recent sound recording amendment to the Copyright Act which provides statutory protection for sound recordings against unauthorized duplication:[45]

> "The competition provided by the pirate record industry does not promote any of the traditional benefits of competition. Although the pirate record companies may greatly undercut the prices charged by the creative industry, their ability to do so results in large part from the fact that they do not compensate the creative writers and artists involved. Such practices discourage the investment of money and talents in new performances and ha[ve] the potential to gravely injure creative recording." [46]

A similar view was expressed by the three-judge District Court which upheld the constitutionality of the recent amendment, even though the argument there was based on a claim that there should be a compulsory license to duplicate sound recordings (implying the payment of some compensation):

> "Consumer choices would not be broadened since identical interpretations would be supplied first by the originator and later by the licensee. Equally important, competition and the creative aspects of the industry would be impaired since established recording firms would be discouraged from investing in new arrangements and performers, if they were compelled to li-

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[45] Pub. L. No. 92-140, 85 Stat. 391 (Oct. 15, 1971) made available for the first time federal statutory copyright protection for sound recordings. The statute went into effect on February 15, 1972 and applies only to protect sound recordings "fixed" (*i.e.*, the recording process was completed) on or after that date.

[46] Letter from Deputy Attorney General Richard G. Kleindienst to Hon. Emanuel Celler, Jun. 29, 1971, in *Piracy Hearings*, ser. 7, at 122 (1971).

cense their successful interpretations to those desiring to take advantage of the originator's initiative and to add nothing themselves." [47]

Nor did the *Sears* and *Compco* decisions destroy an entire industry. Here, the only commercial value in a master sound recording is the ability to profit from the exclusive right to duplicate it for sale to the public—and acceptance of petitioners' view would nullify that right. As a result, the inestimable value of untold numbers of sound recordings produced over many years with great effort, expense and artistry would be completely destroyed.[48]

If the decision below were to be reversed and piracy of sound recordings thus permitted to flourish unhindered, the economic and creative effects on the industry would be disastrous.[49] Increased concentration of economic power

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[47] Shaab v. Kleindienst, 174 U.S.P.Q. 197, 198 (D.D.C. 1972). If this Court were to permit the unauthorized reproduction of sound recordings, it would be tantamount to requiring recording companies to grant royalty-free compulsory licenses for their recordings. Congress specifically considered and rejected any form of compulsory license for "the finished product." S. REP. No. 92-72, 92d Cong., 1st Sess. 6 (1971).

[48] The following recent news headlines indicate the tremendous current commercial appeal of catalogs of existing sound recordings: *Pubs Comb Files for "Golden Oldies" As Yesteryear Rock Hits Click Again,* VARIETY, Jul. 26, 1972, at 47; *"Oldie" Pioneer Taps New Marts,* BILLBOARD, Jul. 22, 1972, at 1; *"Oldies" Are the New Sound as Radio Turns Nostalgic,* N.Y. Times, Jul. 17, 1972, at 1; *Only 1 New LP, But Catalog Gives London Its Top June Sales in History,* CASH BOX, Jul. 8, 1972, at 7. It is common knowledge in the industry that concert tours by well-known recording artists revive interest in their previously recorded albums.

[49] Shaab v. Kleindienst, 174 U.S.P.Q. 197 (D.D.C. 1972) is on appeal to this Court; if that decision as well as the decision below should be reversed, then the commercial value of *all* sound recordings would be destroyed. Although 18 U.S.C. § 2318 (1964)

would be inevitable because the smaller companies would not be able to withstand the effects of piracy of their recordings. Established recording companies might be forced to resort to piracy themselves in order to operate profitably and to avoid criticism from their shareholders, and this would contribute further to the elimination of the smaller companies. Production of expensive recordings for specialized audiences in marginal markets, especially recordings of classical music, would be sharply reduced because they could no longer be subsidized by other recordings. With fewer creative enterprises in operation, the consumer would be faced with a smaller selection of recordings from which to choose. The end result would be that "The parasite that killed, would itself be killed, and the public would be left without any service at any price." [50]

These effects are diametrically opposed to the aims of free competition. Unlike *Sears* and *Compco,* a reversal here would not foster the competitive free enterprise system; it would have precisely the opposite result.

The ownership of the sound recording—not merely the physical property, but the exclusive right to duplicate the recorded performance embodied in it—obviously is the economic foundation of the recording industry. In the absence of federal legislation, the basis for such ownership

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provides criminal penalties for interstate traffic in phonograph records bearing forged or counterfeited labels, that statute in no way protects against the vast bulk of unauthorized duplicated recordings which are sold under the pirate's own label or no label at all.

[50] National Tel. News Co. v. Western Union Tel. Co., 119 F. 294, 296 (7th Cir. 1902).

has been found in state law. Prior to *Sears* and *Compco*, challenges to the rights of the owner of the sound recording were rare; and they were uniformly unsuccessful.[51] More recently, the increased piracy resulting from technological developments and the legal arguments supplied by the *Sears* and *Compco* decisions have enlarged the volume of such litigation. It is a striking fact that, even after the decisions in *Sears* and *Compco*, virtually every one of the dozens of courts faced with the question of unauthorized duplication of sound recordings has declared it to be unlawful.[52]

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[51] Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955); Artia v. Colosseum Records, Inc., 150 F.Supp. 550 (S.D.N.Y. 1957); Aeolian Co. v. Royal Music Roll Co., 196 F. 926 (W.D.N.Y. 1912); FTC v. Orient Music Roll Co., 2 F.T.C. 176 (1919); RCA v. Premier Albums, Inc., 19 App. Div. 2d 62, 240 N.Y.S.2d 995 (1st Dept. 1963); Gieseking v. Urania Records, Inc., 17 Misc. 2d 1034, 155 N.Y.S.2d 171 (Sup. Ct. 1956). Fonotipia Ltd. v. Bradley, 171 F. 951 (E.D.N.Y. 1909), the earliest record piracy case, was stated in G. Ricordi & Co. v. Haendler, 194 F.2d 914 (2d Cir. 1952), not to extend to published works capable of copyright protection. In the instant case, however, we are dealing with sound recordings which were not capable of statutory copyright protection and which were unpublished. *Cf.* Victor Talking Mach. Co. v. Armstrong, 132 F. 711, 712 (S.D.N.Y. 1904) where the court noted this "novel and interesting question" but found no need to discuss it.

[52] California —TIAA v. Younger, *supra;* Capitol Records v. Erickson, *supra;* Baez v. Fantasy Records, Inc., 144 U.S.P.Q. 537 (Cal. Super. Ct. 1964); Warner Bros. Records, Inc. v. David (Cal. Super. Ct.), in BILLBOARD, Sept. 2, 1972, at 66; Atlantic Recording Corp. v. Superba Tapes, Inc., No. 995811 (Cal. Super. Ct., Feb. 19, 1971); NBC v. Aiello, No. 970398 (Cal. Super. Ct., Apr. 13, 1970); Capitol Records, Inc. v. Winokur (Cal. Super. Ct.), in BILLBOARD, Mar. 7, 1970; Capitol Records, Inc. v. Muntz (Cal. Super. Ct.), in BILLBOARD, Mar. 7, 1970; Capitol Records, Inc. v. Hollywood Music Programmers, Inc., No.

In addition to these numerous judicial decisions, ten states have enacted criminal statutes outlawing record and

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944640 (Cal. Super. Ct., Dec. 27, 1968); Capitol Records, Inc. v. Campoy, No. 191454 (Cal. Super. Ct., Aug. 28, 1967).

Illinois —CBS, Inc. v. Spies, 167 U.S.P.Q. 492 (Ill. Cir. Ct. 1970); Atlantic Recording Corp. v. Magnitron, Inc., No. 72 CH 3431 (Ill. Cir. Ct., Jun. 13, 1972); Mercury Records, Inc. v. McKenna Indus., Inc. (Ill. Cir. Ct., Mar. 22, 1972), in RECORD WORLD, Mar. 25, 1972, at 4; CBS, Inc. v. International Tape, Inc., No. 72 CH 302 (Ill. Cir. Ct., Feb. 17, 1972); Capitol Records, Inc. v. International Tape, Inc., No. 72 CH 301 (Ill. Cir. Ct., Feb. 23, 1972).

Michigan —Rare Earth Corp. v. Lear Jet Corp., No. 71 75821 (Mich. Cir. Ct., Jul. 1, 1971).

Minnesota —CBS Records v. Johnson, No. 4-71 Civil 225 and No. 4-71 Civil 436 (D. Minn., Jun. 20, 1972); Capitol Records, Inc. v. Schaak Electronics, Inc., No. 671559 (Minn. Dist. Ct., Jul. 21, 1971).

Missouri —Columbia Records, Inc. v. Nance (Mo. Cir. Ct.), in CASH BOX, Nov. 13, 1971, at 7.

New York —Greater Recording Co. v. Stambler, 144 U.S.P.Q. 547 (N.Y. Sup. Ct. 1965); Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964); CBS, Inc. v. Cartridge City, Ltd. (N.Y. Sup. Ct.), in 155 N.Y.L.J. 113, at 10 (1966).

North Carolina—Liberty/UA, Inc. v. Eastern Tape Corp., 11 N.C. App. 20, 180 S.E.2d 414, *appeal dismissed*, 278 N.C. 702, 181 S.E.2d 600 (1971); Liberty/UA, Inc. v. Eastern Tape Corp., 70 CVS 15108, 71 CVS 2579, 71 CVS 4602, and 71 CVS 15105 (N.C. Super. Ct., Jul. 14, 1972).

Oregon —A & M Records v. Northwest, Inc. (Ore. Cir. Ct.), in CASH BOX, Sept. 2, 1972, at 7; Warner Bros. Records, Inc. v. Elliott, No. 378-969 (Ore. Cir. Ct., Jul. 11, 1972); Capi-

tape piracy.[53] The constitutionality of the California statute involved here has been sustained by a three-judge federal district court;[54] attacks on the constitutionality of the Pennsylvania and Texas statutes have been dismissed;[55] and the constitutionality of the Texas statute has been upheld in an opinion by the Attorney-General of that state.[56] After both Houses of Congress, with support from several Executive Departments, had issued reports condemning the practice,[57] Congress enacted an anti-piracy bill (which has

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tol Records, Inc. v. McGettigan, No. 359-225 (Ore. Cir. Ct., Jun. 21, 1971).

Two contrary decisions refusing temporary injunctions were reversed on appeal. Capitol Records, Inc. v. Spies, 130 Ill. App. 2d 429, 264 N.E.2d 874 (1970); CBS, Inc. v. Custom Recording Co., —— S.C. ——, 189 S.E.2d 305 (1972). The single exception is a very recent decision concerning the Florida statute in which appeal presently is pending. International Tape Mfrs. Ass'n v. Gerstein, 174 U.S.P.Q. 198 (S.D. Fla. 1972) (appeal pending). Compare Independent Tape Merchant's Ass'n v. Creamer, No. 72-73 Civil (M.D. Pa., Jul. 24, 1972) and Independent Tape Merchant's Ass'n v. Martin, Civil Action No. 3-5536-A (N.D. Tex., Feb. 29, 1972), where the district courts left interpretation of the Pennsylvania and Texas anti-piracy statutes to the state courts in the first instance.

[53] ARIZ. REV. STAT. ANN. §13-1024 (1971-2 Supp.); ARK. STAT. ANN. §41-4617 (1971 Supp.); CAL. PENAL CODE §653h (West 1970); FLA. STAT. ANN. §543.041 (1972); LA. ACT 350 (Reg. Sess., 1972); N.Y. GEN. BUS. LAW §561 (McKinney 1968); PA. STAT. tit. 18, §4878.1 (1972-3 Supp.); TENN. CODE ANN. §39-4244 through §39-4250 (1971 Supp.); TEX. PENAL CODE ANN. art. 1137r (1972 Supp.); VA. CODE §59.1-41.1 through §59.1-41.6 (1972 Supp.).

[54] TIAA v. Younger, *supra.*

[55] Independent Tape Merchant's Ass'n v. Creamer, No. 72-73 Civil (M.D. Pa., Jul. 24, 1972); Independent Tape Merchant's Ass'n v. Martin, Civil Action No. 3-5536-A (N.D. Tex., Feb. 29, 1972).

[56] TEX. ATT'Y GEN. OPINION No. M-1114, Apr. 3, 1972.

[57] H.R. REP. No. 92-487, 92d Cong., 1st Sess. (1971); S. REP. No. 92-72, 92d Cong., 1st Sess. (1971); *see* note 45, *supra.*

only prospective effect). A diplomatic conference on record and tape piracy in October 1971 in Geneva, Switzerland, attended by more than fifty nations, adopted a "Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms." [58]

This substantially unanimous agreement that the piracy of sound recordings is pernicious and unlawful conduct that cannot be condoned, reached by so many judges in so many jurisdictions, by state legislatures, by the Congress and the Executive branch of the United States, and by the international community, shows clearly that basic considerations of public policy dictate affirmance of the decision below.

II.

States Can Protect Sound Recordings Under Unfair Competition Principles.

The law of unfair competition has evolved over the years to meet changing business developments and malpractices. Beginning in 1918 with the landmark decision of this Court in *International News Service* v. *Associated Press*,[59] courts have applied the doctrine of "misappropriation" to particular fact situations in which (1) time, effort and money have gone into something of value, generally an intangible creation, (2) there has been appropriation of

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[58] The text appears in COPYRIGHT (Monthly Review of the World Intellectual Property Organization), Dec. 1971, at 240-242. The treaty has been signed by 31 countries (COPYRIGHT, May 1972, at 110), and will go into effect 3 months after formal ratification, acceptance or accession by 5 countries. *Id.* Article 11(1).

[59] 248 U.S. 215 (1918).

that "quasi-property" at little or no cost to the malefactor; and (3) there has been a direct diversion of profits from the creator to the appropriator. *INS* involved the pirating of the substance of complainant's news reports (concededly not within the coverage of the Copyright Act).[60] The Court, in granting relief against this activity which it characterized as a "misappropriation," analyzed the situation as follows:

> "Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense. . . . The transaction speaks for itself, and a court of equity ought not to hesitate long in characterizing it as unfair competition in business."[61]

Courts repeatedly have applied this doctrine to redress obvious inequities involving various similar practices, including record piracy—a totally analogous situation squarely meeting the three criteria mentioned above.[62]

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[60] *Id.* at 233.

[61] *Id.* at 240.

[62] *E.g.*, Pittsburgh Athletic Co. v. KQV Broadcasting Co., 24 F. Supp. 490 (W.D. Pa. 1938) (unauthorized sportscast); Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp., 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd per curiam*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1st Dept. 1951) (opera performances recorded off the air and incorporated in phonograph records); Mutual Broadcasting System, Inc. v. Muzak Corp., 177 Misc. 489, 30 N.Y.S.2d 419 (Sup. Ct. 1941) (sportscast taken off the air and transmitted by telephone lines); Twentieth Century Sporting Club, Inc. v. Transradio Press Service, Inc., 165 Misc. 71, 300

Thus, the misappropriation doctrine grew in response to the ethical as well as the economic needs of society, and it developed separately from the patent and copyright laws and from other common law rules concerning unfair competition.[63]

Sears and *Compco* did not obliterate all state unfair competition law. For example, the Court specifically endorsed the right of the states to enjoin imitation of trademarks, labels or distinctive packaging[64]—all of which are types of unfair competition.[65] *Sears* and *Compco* thus do not automatically exclude relief for misappropriation, which is another type of unfair competition.[66]

The *INS* decision was not even cited in *Sears* and *Compco*. Despite the sweeping language of those decisions, the Court surely could not have intended to destroy the

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N.Y.S. 159 (Sup. Ct. 1937) (sportscast taken off the air and retransmitted); Waring v. WDAS Broadcasting Station, 327 Pa. 433, 194 A. 631 (1937) (unauthorized radio broadcast of recording). For record piracy cases, *see* notes 51 and 52, *supra*.

[63] *See, e.g.*, International News Service v. Associated Press, 248 U.S. 215, 235 (1918); CBS, Inc. v. Spies, 167 U.S.P.Q. 492, 499 (Ill. Cir. Ct. 1970); Ahrens, *The Misappropriation Doctrine After Sears-Compco*, 59 TRADEMARK REP. 88, 92 (1969). *See also* Waring v. WDAS Broadcasting Station, 327 Pa. 433, 194 A. 631 (1937).

[64] 376 U.S. 225 at 232 (1964); 376 U.S. 234 at 238 (1964). *See also* 376 U.S. at 239 (1964) (Harlan, J., concurring).

[65] "The law of trade-marks is but a part of the broader law of unfair competition. . . ." United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918).

[66] "In recent years, its [unfair competition's] scope has been extended. It has been held to apply to misappropriation as well as misrepresentation, to the selling of another's goods as one's own —to misappropriation of what equitably belongs to a competitor." Schecter Poultry Corp. v. U.S., 295 U.S. 495, 532 (1935).

entire body of misappropriation law without expressly saying so.[67] The continuing vitality of the misappropriation doctrine has been accepted by the numerous federal and state courts which have continued to apply it after *Sears* and *Compco,* not only to combat record and tape piracy, but also in various analogous situations involving blatantly inequitable conduct.[68] The one federal appellate court decision which construes *Sears* and *Compco* as having overruled *INS* has been severely criticized by leading commentators.[69]

Sears and *Compco* were product simulation cases, a well-recognized category in unfair competition law.[70] The Court

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[67] The commentators are in agreement. *E.g.,* Handler, in *Symposium, Product Simulation: A Right or a Wrong?,* 64 COLUM. L. REV. 1178, 1190 (1964); 2 R. CALLMANN, UNFAIR COMPETITION TRADEMARKS AND MONOPOLIES §60.4(c), at 519 (3d ed. 1968); Ahrens, *The Misappropriation Doctrine After Sears-Compco,* 59 TRADEMARK REP. 88, 104 (1969).

[68] *E.g.,* Bond Buyer v. Dealers Digest Publishing Co., 25 App. Div.2d 158, 267 N.Y.S.2d 944 (1st Dept. 1966) (wire service material incorporated in newsletter); CBS, Inc. v. Documentaries Unlimited, Inc., 42 Misc.2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964) (news announcement recorded off the air and incorporated in phonograph record); Lennon v. Pulsebeat News, Inc., 143 U.S.P.Q. 309 (N.Y. Sup. Ct. 1964) (taped interviews incorporated in phonograph records); Pottstown Daily News Publishing Co. v. Pottstown Broadcasting Co., 247 F. Supp. 578 (E.D. Pa. 1965) (newspaper items incorporated in news broadcast); *cf.* New York World's Fair 1964-1965 Corp. v. Colourpicture Publishers, Inc., 141 U.S.P.Q. 939 (N.Y. Sup. Ct.), *aff'd,* 21 App. Div. 2d 896, 251 N.Y.S.2d 885 (2d Dept. 1964) (photographs of fair grounds buildings used in postcards and the like). For record piracy cases *see* note 52, *supra.*

[69] CBS, Inc. v. DeCosta, 377 F.2d 315, 318 (1st Cir.), *cert. denied,* 389 U.S. 1007 (1967). *See* Derenberg, *Consumerism and "Old-Fashioned Commercial Honesty,"* 15 IDEA 45, 56-7 (Special Conference Issue, 1972); 2 R. CALLMANN, UNFAIR COMPETITION TRADEMARKS AND MONOPOLIES § 61.3, at 550-551 (3d ed. 1968).

[70] *See, e.g.,* Derenberg, in *Symposium, Product Simulation: A Right or a Wrong?,* 64 COLUM. L. REV. 1178, 1204-08 (1964).

left no room for Illinois to use state unfair competition law to avoid paramount federal patent policy as applied to product simulation. But that does not oust state power to repress all other types of unfair competition, whether under the rubric of misappropriation or otherwise. With specific reference to sound recordings, Congress clearly felt that protectable rights do exist in recordings fixed prior to the effective date of the recent amendment to the Copyright Act. Section 3 of that amendment states, in part:

> "... nothing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act."[71]

The universal condemnation of record and tape piracy compels its classification as a form of unfair competition. "Competition is a desideratum in our economic system but it ceases to serve an economic good when it becomes unfair. The concept of fair play should not be shunted aside on the theory that competition in any form serves the general good. Only *fair* competition does that. Unfair competition is not competition at all in the truest sense of the word."[72] The public interest without question would best be served by safeguarding the legitimate interests and property rights of the sound recording industry from destruction at the hands of the pirates, and the equitable misappropria-

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[71] Pub. L. No. 92-140, 85 Stat. 391 (Oct. 15, 1971).

[72] Schulenburg v. Signatrol, Inc., 50 Ill. App. 2d 402, 200 N.E. 2d 615 (1964). *See also* Handler, in *Symposium, Product Simulation: A Right or a Wrong?*, 64 COLUM. L. REV. 1178, 1187 (1964).

tion doctrine of unfair competition developed from *INS* is perfectly suited to provide protection in this unique situation.

III.

States Also Can Protect Sound Recordings Under Common Law Copyright Principles.

Unpublished writings always have been accorded protection against unauthorized use,[73] and in 1909, when the present Copyright Act was enacted, Congress specifically preserved common law rights in unpublished works[74] by stating in Section 2:

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[73] *See* Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834). The early federal copyright statutes, unlike the present Copyright Act, provided a statutory remedy against the printing or publishing of any manuscript whatever without the prior consent of the author or proprietor. Act of May 31, 1790, 1 Stat. 124, §6; Act of Feb. 3, 1831, 4 Stat. 436, §9; Act of Jul. 8, 1870, 16 Stat. 230, §102; Rev. Stat. §4967 (1875); Act of Mar. 31, 1891, 26 Stat. 1106, §9. This provision was interpreted not to preempt the states from concurrently protecting the common law copyright in unpublished works. *See, e.g.,* Kortlander v. Bradford, 116 Misc. 664, 190 N.Y.S. 311 (Sup. Ct. 1921); Palmer v. DeWitt, 47 N.Y. 532, 535-36 (1872); Woolsey v. Judd, 11 N.Y. Super. (4 Duer) 379, 385, 11 How. Pr. 49, 55 (1855); *see also,* Press Pub. Co. v. Monroe, 73 F. 196, 199 (2d Cir.), *appeal dismissed,* 164 U.S. 105 (1896); Whicher, *The Ghost of Donaldson v. Beckett: An Inquiry into the Constitutional Distribution of Powers Over the Law of Literary Property in the United States,* 9 BULL. COPYRIGHT SOC'Y 102, 146 *et seq.* (1961) [hereinafter cited as Whicher].

[74] "It was thought best by the committee to insert the provision in this form in order that it might be perfectly clear that nothing in the bill was intended to impair in any way the common-law rights in respect to this kind [unpublished] of work." H.R. REP. No. 2222, 60th Cong., 2d Sess. 9 (1909). Under the current Copyright Revision Bill, Congress would reenter and specifically preempt the field of protection for unpublished works. S. 644, 92d Cong., 1st Sess. §104(a) (1971).

> "Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor." [75]

The *Sears* decision, citing Section 2 of the Copyright Act, recognized the continuing power of the states to give common law copyright protection to unpublished writings.[76] Sound recordings are "writings" in the constitutional sense and constitute works of creative authorship that are a proper subject for copyright protection.[77] Thus, by virtue of Section 2 of the Copyright Act, any sound recording fixed before the effective date of the recent amendment to the Copyright Act can be protected under state common law copyright principles if it remains unpublished.

"Publication" in copyright law is a technical concept which varies in meaning according to circumstances and whether the issue presented involves the *divesting* of common law copyright or the *investing* of statutory copy-

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[75] 17 U.S.C. §2. Section 12, 17 U.S.C. §12, continues to permit, but does not require, registration of copyright in several types of unpublished works (not including sound recordings).

[76] 376 U.S. at 231 n. 7. *Accord,* Edgar H. Wood Associates, Inc. v. Skene, 347 Mass. 351, 355, 197 N.E.2d 886, 890 (1964); CBS, Inc. v. Documentaries Unlimited, Inc., 42 Misc. 2d 723, 726, 248 N.Y.S.2d 809, 812 (Sup. Ct. 1964).

[77] Shaab v. Kleindienst, 174 U.S.P.Q. 197 (D.D.C. 1972); *see* Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657, 660 (2d Cir. 1955); H.R. REP. No. 92-487, 92d Cong., 1st Sess. 5 (1971); Diamond, *Sound Recordings and Copyright Revision,* 53 IOWA L. REV. 839, 861 (1968); RINGER, *The Unauthorized Duplication of Sound Recordings,* U.S. COPYRIGHT OFFICE, GENERAL REVISION OF THE COPYRIGHT LAW 11 (Study No. 26, 1957).

right.[78] This dichotomy is necessary because publication destroys common law copyright; it may be replaced by statutory copyright if the work is eligible under the categories established by the Copyright Act and if it bears the correct notice in the proper place at the time of publication.[79] In order to avoid the drastic result of an unintended forfeiture of rights, the identical activity has been held to be a publication *investing* statutory copyright protection in one case but not to be a publication *divesting* common law copyright protection in another case.[80] "In

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[78] *See* Kalodner and Vance, *The Relation between Federal and State Protection of Literary and Artistic Property*, 72 HARV. L. REV. 1079, 1092-96 (1959) [hereinafter cited as Kalodner and Vance]; Comment, *Performers' Rights and Copyright: The Protection of Sound Recordings from Modern Pirates*, 59 CALIF. L. REV. 548, 561 (1971).

While the question of what constitutes publication *investing* federal statutory copyright is a matter of federal law, the concept of publication *divesting* common law copyright is governed by the case law of the particular state in which protection is sought. Thus, in a case of first impression in California, a state District Court of Appeal declined to follow an old decision of a New York court in Wright v. Eisle, 86 App. Div. 356, 83 N.Y.S. 887 (2d Dept. 1903), and held instead that the mandatory filing of architectural plans, drawings and designs with a county building department did not indicate an intent to dedicate the plans to the public and was not a publication divesting common law copyright in the plans. Smith v. Paul, 174 Cal. App.2d 744, 345 P.2d 546 (1959). As this issue has subsequently arisen in other state courts, the California decision in Smith v. Paul has come to reflect the increasingly accepted view. *See* Edgar H. Wood Associates, Inc. v. Skene, 347 Mass. 351, 197 N.E.2d 886 (1964). The changing concept of publication is further demonstrated by the fact that a New York appellate court recently overruled the earlier decision in Wright v. Eisle and accepted the *Smith* and *Skene* cases as the prevailing view of publication. Shaw v. Williamsville Manor, Inc., 38 App. Div.2d 442, 330 N.Y.S.2d 623 (4th Dept. 1972).

[79] 17 U.S.C. §§5, 10, 19.

[80] *Compare, e.g.*, Werckmeister v. Pierce and Bushnell Mfg. Co., 72 F. 54 (1st Cir. 1896) (holding that exhibition of a painting in a

each case the courts appear so to treat the concept of 'publication' as to prevent piracy." [81]

A number of courts have analyzed the protection of sound recordings under common law copyright doctrines and have held that the sale of the physical object (the record or tape) does not divest common law copyright and forfeit the right to duplicate the intangible recorded performance embodied in it.[82] This is consonant with a long line of authority that a performance, even before thousands of people, does not constitute a divestitive publication.[83] The record or tape is a device that is meaningless as a physical object but possesses the capability of reperforming the captured sounds. Accordingly, the sound record-

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public art gallery constituted publication which invested statutory copyright protection), *with* Werckmeister v. American Lithograph Co., 134 F. 321 (2d Cir. 1904) (holding that exhibition of a painting in a public art gallery did not constitute publication divesting common law copyright protection).

[81] American Visuals Corp. v. Holland, 239 F.2d 740, 744 (2d Cir. 1956) (Frank, J.).

[82] Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955); Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964); Gieseking v. Urania Records, Inc., 17 Misc.2d 1034, 155 N.Y.S.2d 17 (Sup. Ct. 1956); Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp., 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd per curiam*, 279 App. Div. 632, 107 N.Y.S. 2d 795 (1st Dept. 1951).

[83] *E.g.*, Ferris v. Frohman, 223 U.S. 424 (1912) (performance of a stage play, held not divestitive publication); Heim v. Universal Pictures Co., 154 F.2d 480 (2d Cir. 1946) (playing of a musical composition, held not a divestitive publication); King v. Mister Maestro, Inc., 224 F. Supp. 101 (S.D.N.Y. 1963) (public delivery of speech before 200,000 people, over radio and television, and after distribution of advance copies to the press, held not a divestitive publication); Uproar Co. v. NBC, 8 F. Supp. 358, 362 (D. Mass. 1934), *aff'd as mod.*, 81 F.2d 373 (1st Cir. 1936) (broadcast of a radio script, held not a divestitive publication).

ing—the intangible work embodied in the record or tape[84] —remains unpublished.[85] It is not in the public domain; to the contrary it is subject to state protection, and its unauthorized duplication is an obvious infringement of the owner's common law copyright.

Petitioners argue that *Sears* and *Compco* held the states to be preempted from protecting materials (such as sound recordings) that are constitutionally capable of copyright protection but for which Congress has not granted statutory copyright protection.[86] This argument seems to rest on the theory that the copyright clause of the Constitution[87] operates, of its own force, to make the protection of all writings an exclusively federal function. The short answer to this contention is that, as noted above, *Sears* specifically recognized the continuing validity of state protection in the field of common law copyright.[88]

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[84] For the distinction between intangible works and material objects, see the definitions of "sound recordings" and "reproductions of sound recordings" in §1(e) of Pub. L. No. 92-140, 85 Stat. 391 (Oct. 15, 1971); *cf.* the definitions of "sound recordings" and "phonorecords" in S. 644, 92d Cong., 1st Sess. §101 (1971).

[85] The reference to "publication" in the Copyright Act, 17 U.S.C. §26, insofar as it applies to sound recordings, concerns the investing of statutory copyright, and in any case it relates only to post-February 15, 1972 recordings. For both reasons, it has no bearing on this case.

[86] Professor Nimmer, upon whose views petitioners rely to support their argument that under *Sears* and *Compco* states are preempted from protecting sound recordings, has changed his position in the 1972 version of his text, based upon Congressional enactment of the sound recording amendment to the Copyright Act. 1 M. NIMMER, THE LAW OF COPYRIGHT §35.225 (1972).

[87] U.S. CONST. art. I, §8, cl. 8.

[88] 376 U.S. at 231 n.7. Moreover, any other construction of *Sears* and *Compco* would lead to bizarre and disastrous results. If the constitutional preemption theory were correct, Congress could

Petitioners also assert that the "limited times" phrase in the copyright clause precludes state common law copyright protection of writings for unlimited times.[89] However, review of the historical background of the copyright clause makes it clear that the "limited times" phrase was intended only as a restraint on federal power and does not limit the states with respect to common law copyright in unpublished works.[90] Furthermore, the "limited times" phrase implies an affirmative policy of giving an author some period of protection to derive a significant economic return from his creation.[91] Since record piracy precludes even a minimum period of protection, application of the "limited

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not leave protection of unpublished writings to the states, as it has attempted to do in Section 2 of the Copyright Act. See 1 M. NIMMER, THE LAW OF COPYRIGHT §35.225, at 146.25 (1972). Unpublished writings of all kinds thus would be in the public domain since the states could not protect them and Congress has failed to do so. The logical extension of this line of argument is that all statutory copyrights would be invalid because Section 8 of the Copyright Act, 17 U.S.C. §8, provides that no statutory copyright can be procured for any work in the public domain—and a work could hardly be published if it did not first exist in unpublished form. The Court could not have intended *Sears* and *Compco* to lead to such absurd conclusions, especially in light of the long history of judicial protection of unpublished works under common law principles. See also authorities cited in footnote 89.

[89] The copyright clause of the Constitution does not of its own force preempt state law. *See* Arnold, *A Philosophy on the Protections Afforded by Patent, Trademark, Copyright and Unfair Competition Law: The Sources and Nature of Product Simulation Law*, 54 TRADEMARK REP. 413, 420-21 (1964); Comment, 43 N.Y.U. L. REV. 178, 183 (1968). *Cf.* Chapman, *The Supreme Court and Federal Law of Unfair Competition*, 54 TRADEMARK REP. 573, 579 (1964); Kunin, *The Lindsay Bill Before and After the Stiffel Case*, 54 TRADEMARK REP. 731, 744 (1964).

[90] Whicher, *supra*, at 151; *see* Kalodner and Vance, *supra*, at 1085.

[91] *See* Kalodner and Vance, *supra*, at 1083-84.

times" phrase to permit piracy manifestly would be inconsistent with the underlying policy of that phrase.

An alternative basis for petitioners' argument appears to be that *Sears* and *Compco* declare the states to be prohibited by virtue of the supremacy clause from granting protection to writings that Congress has not covered by the Copyright Act. This theory implies that Congress has occupied the field by enacting the Copyright Act of 1909 because an affirmative state grant of protection would conflict with the exercise of Congressional power under the copyright clause. But Congress has not occupied the copyright field (as distinguished from the patent field);[92] this is clear from its explicit recognition of state power in Section 2 of the Copyright Act.

In 1909, when Congress last adopted a complete revision of the Copyright Act, consideration was given to sound recordings as infringements of the musical compositions embodied in them. This Court had previously decided that a player piano roll was not a "copy" of the recorded music embodied in it and hence could not infringe the copyright in the musical composition under the existing statute.[93] In order to rectify that manifestly unjust situation, Congress gave to copyright proprietors of musical compositions the right to control the manufacture of "mechanical reproductions" of their works[94] but specifically did not grant separate copyright protection to the mechanical reproductions themselves.[95] No reason was given for this omission.

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[92] "Patent rights exist only by virtue of statute." Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 229 n. 5 (1964).

[93] White-Smith Publishing Co. v. Apollo Co., 209 U.S. 1 (1908).

[94] 17 U.S.C. § 1(e).

[95] H.R. Rep. No. 2222, 60th Cong., 2nd Sess. 9 (1909).

However, many efforts have been made over the past half-century and more to enact another complete revision of the Copyright Act, and most of these revision bills contained provisions protecting sound recordings.[96] The task remains uncompleted because of the diverse interests and technological developments involved. When the House of Representatives in 1967 did pass a copyright revision bill,

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[96] A study of the legislative history of the various bills for general revision of the Copyright Act makes clear that there has never been opposition to the principle of protection of sound recordings against unauthorized duplication. The reason why sound recordings were not until recently covered by federal law is that provisions for the protection of sound recordings were submitted to Congress as part of each successive bill for the general revision of the Copyright Act. The failure of Congress to enact these revision bills was due to controversies over issues unrelated to the protection of sound recordings against unauthorized duplication. RINGER, *The Unauthorized Duplication of Sound Recordings*, U.S. COPYRIGHT OFFICE, GENERAL REVISION OF THE COPYRIGHT LAW 37 (Study No. 26, 1957); REPORT OF THE REGISTER OF COPYRIGHT ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW, 87th Cong., 1st Sess., at x (1961); H.R. REP. No. 2237, 89th Cong., 2d Sess. 31 (1966).

Furthermore, from the very earliest attempts to revise the Copyright Act, it was accepted by the recording industry *and* by Congress that state law protected sound recordings from unauthorized duplication. *Hearings on H.R. 11258 Before the House Comm. on Patents*, 68th Cong., 2d Sess. 303 (1925); *Hearings on H.R. 10131 Before the House Comm. on Patents*, 69th Cong., 1st Sess. 319 (1926); *Hearings on H.R. 9639 Before the House Comm. on Patents*, 71st Cong., 2d Sess. 10-11, 27, 29 (1930); *Hearings on Revision of Copyright Laws Before House Comm. on Patents*, 74th Cong., 2d Sess. 113, 639, 653, 1181 (1936); *Hearings on H.R. 1268, H.R. 1270 and H.R. 2570 Before the Subcomm. on Patents, Trademarks and Copyrights of the House Judiciary Comm.*, 80th Cong., 1st Sess. 54 (1947). *See also* RINGER, *The Unauthorized Duplication of Sound Recordings*, U.S. COPYRIGHT OFFICE, GENERAL REVISION OF THE COPYRIGHT LAW 17-20 (Study No. 26, 1957); Diamond, *Copyright Problems of the Phonograph Record Industry*, 15 VAND. L. REV. 419, 429 (1962). When it became clear to the Congress that piracy had grown to such proportions that federal copyright protection was needed in addition to state law, it dealt with sound recordings separately by passing Public Law No. 92-140.

the accompanying committee report took pains to point out that the extension of copyright protection to sound recordings was "overdue," [97] and Section 3 of the recent sound recording amendment completely dispels any doubt about the absence of Congressional intent to preempt the field prior to the effective date of that amendment.[98] The pirates therefore are mistaken when they attempt to draw a negative inference from the failure of Congress to enact copyright legislation covering sound recordings until the passage of the sound recording amendment in 1971.

Thus, at least with respect to unpublished constitutionally copyrightable works such as sound recordings, *Sears* and *Compco* cannot properly be construed as precluding state protection against unauthorized duplication. We find nothing in *Sears* and *Compco,* or elsewhere, that would require the Court to ignore the manifest Congressional intent to preserve common law rights in unpublished writings—including sound recordings—and the power of the states to give protection to such rights.

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[97] H.R. REP. No. 2237, 89th Cong., 2d Sess. 47 (1966).

[98] *See* Tape Head Co. v. RCA Corp., 452 F.2d 816, 819 n.1 and accompanying text (10th Cir. 1971).

IV.

The *Sears* and *Compco* Cases Are Distinguishable.

Sears and *Compco* are specifically distinguishable from the instant case on several significant grounds.

First, they dealt only with patent questions; therefore, all references to copyright were *obiter dicta*.[99] Although patents and copyrights are mentioned in the same clause of the Constitution, there are vital differences between them, notably in terms of the scope of protection. An invention must be novel to be patentable.[100] A patent confers upon the inventor the right to exclude others from making, using or selling the invention.[101] As a result, a patentee can prohibit everyone from practicing his invention whether or not the same idea is independently discovered. On the other hand, a writing need only be original to be copyrightable.[102] A copyright confers only the right to prevent *copying* of the *form of expression* of the idea;[103] the basic idea in the copyrighted work is fully usable by anyone.[104] The author or proprietor can prohibit direct copying of his

[99] *E.g.*, Pottstown Daily News Publishing Co. v. Pottstown Broadcasting Co., 247 F. Supp. 578, 580-581 (E.D. Pa. 1965); Derenberg, *Consumerism and "Old-Fashioned Commercial Honesty,"* 15 IDEA 45, 56 (Special Conference Issue, 1972).

[100] 35 U.S.C. §101; *see* 1 DELLER'S WALKER ON PATENTS §54 (2d ed. 1964).

[101] 35 U.S.C. §§154, 271.

[102] *E.g.*, Alfred Bell & Co. v. Catalda Fine Arts, Inc., 191 F.2d 99 (2d Cir. 1951).

[103] *E.g.*, Mazer v. Stein, 347 U.S. 201, 217 (1954).

[104] *E.g.*, Baker v. Selden, 101 U.S. 99, 101-04 (1879).

work, but the public is not deprived of the right of independent recreation of a substantially identical work not copied from his.[105] Accordingly, there can be only one validly patented version of an invention, but there can be a plurality of identical validly copyrighted works each of which was independently created.[106] Thus, patents and copyrights are distinguishable to such an extent that, despite the sweeping statements in the *Sears* and *Compco* opinions, the Court's discussion of policies applicable to the patent system in those opinions cannot be applied automatically to the copyright system.[107]

Second, in *Sears* and *Compco,* the defendants made "substantially identical"[108] or "very similar"[109] copies of physical objects. A record or tape, however, is meaningless as a physical object. It is merely a carrier for the intangible recorded performance. Sound recordings are not substantially copied by pirates in the sense of simulating them; they are exactly duplicated by electronic means.[110]

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[105] "[T]he law imposes no prohibition upon those who, without copying, independently arrive at the precise combination of words or notes which have been copyrighted." Fred Fisher, Inc. v. Dillingham, 298 F. 145, 147 (S.D.N.Y. 1924) (L. Hand. J.).

[106] *Id.* at 150-51; *see, e.g.,* Mazer v. Stein, 347 U.S. 201, 218 (1953); Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 54 (2d Cir. 1936), *aff'd,* 309 U.S. 390 (1940).

[107] *See* text at note 112, *infra.* The rule of *Sears* and *Compco* was elucidated further by the Court in Lear, Inc. v. Adkins, 395 U.S. 653, 668 (1969), which declared that "federal law requires that all ideas in general circulation be dedicated to the common good unless they are protected by a valid patent." The idea in a sound recording, like that of any other copyrightable work, is not restricted by either common law or statutory copyright.

[108] 376 U.S. 225 at 226.

[109] 376 U.S. 234 at 235.

[110] Imitation of a recorded performance, as distinguished from its appropriation, is permissible. Sinatra v. Goodyear Tire & Rubber

As has been pointed out in numerous cases, the unauthorized *copying* of an article is distinguishable from the unauthorized *appropriation, reproduction* or *duplication* of the very article itself—the actual performance comprising the sound recording embodied in the record or tape.[111]

The situation here is completely unlike that presented in *Sears* and *Compco*. A customer for lighting fixtures wants something esthetically satisfying and functionally capable of supplying illumination; Sears' version of Stiffel's pole lamp may very well suffice. But a customer for a record or tape wants a particular version of a certain musical composition performed by specific artists; and *that is precisely what the petitioners supply*—not their own version, but the *identical* performance created by the original producer. Although it may also be denominated "copying" for want of a better word, this is a totally different kind of activity from that which was involved in *Sears* and *Compco*.[112]

Third, in *Sears* and *Compco* the plaintiffs had obtained patents that subsequently were ruled invalid. It was logical

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Co., 435 F.2d 711 (9th Cir. 1970); Davis v. TWA, 297 F. Supp. 1145 (C.D. Cal. 1969); Supreme Records, Inc. v. Decca Records, Inc., 90 F. Supp. 904 (S.D. Cal. 1950); Miller v. Universal Pictures Co., 11 App. Div.2d 47, 201 N.Y.S.2d 632 (1st Dept. 1960), *aff'd*, 10 N.Y.2d 972, 224 N.Y.S. 2d 662, 180 N.E.2d 248 (1961); *cf.* Pub. L. No. 92-140, 85 Stat. 391, §1.(a).

[111] *See, e.g.*, TIAA v. Younger, *supra;* Capitol Records v. Erickson, *supra;* Capitol Records v. Spies, 130 Ill. App.2d 429, 264 N.E. 2d 874 (1970).

[112] The Solicitor General explicitly recognized this distinction in his brief for the United States as *amicus curiae* in *Sears* and *Compco*, at 11-12, 28.

to hold them to their choice of method of protection.[113] There is no parallel with sound recordings because there was no possibility of federal statutory protection for those works as an alternative.[114] In *Sears* and *Compco,* the articles were "too slight an advance" [115] and "too lacking in novelty" [116] to be entitled to patent protection; but it is acknowledged that sound recordings constitute works of creative authorship which constitutionally qualify for copyright protection.[117] Thus, the facts presented in *Sears* and *Compco* made them relatively easy cases to decide since state protection was substantively inconsistent with the federal statute—the state sought to protect something the federal law dictated as being unprotectable. In the instant case, state protection is consistent with the federal statute —the state seeks to protect something the federal law specifically leaves to the states to protect.[118] Moreover, as discussed above, the basic policy considerations arising from the tenets of our free enterprise economic system led to reversal in *Sears* and *Compco,* but should lead to affirmance here.

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[113] In this respect, G. Ricordi & Co. v. Haendler, 194 F.2d 914 (2d Cir. 1952), which was cited in *Sears,* is properly analogous because that case refused to protect the typography of a book after copyright in the text had been obtained and had expired.

[114] Under Pub. L. No. 92-140, 85 Stat. 391, only sound recordings fixed and published on or after February 15, 1972 are eligible for federal copyright protection.

[115] 376 U.S. 225 at 232.

[116] *Id.*

[117] *See* note 77, *supra.*

[118] 17 U.S.C. §2; Pub. L. No. 92-140, 85 Stat. 391, §3.

V.

The California Statute Is a Proper Exercise of the State Interest in Punishing Conduct Equivalent to Larceny.

Despite the broad formulation of the question presented by petitioners, this case actually deals only with the narrow issue of the validity of the state penal statute under which they were convicted and it can be decided on that ground alone. This Court often has recognized that in our dual system of government, "federal regulation of a field of commerce should not be deemed preemptive of state regulatory power in the absence of persuasive reasons—either that the nature of the regulated subject matter permits no other conclusion, or that the Congress has unmistakably so ordained." [119] There are persuasive reasons why states should be permitted to continue to protect their citizens from the effects of predatory theft of valuable property rights in sound recordings, as has been demonstrated above. Moreover, the state penal statute here in issue deals with a subject matter long left untouched by Congress, and there is no need to speculate about the fact that Congress expressly stated its intention *not* to preempt state action with respect to sound recordings fixed prior to February 15. 1972.[120]

This Court has specifically rejected the notion that mere coincidence of subject matter of federal and state statutes is enough to support a finding of preemption:

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[119] Florida Lime & Avocado Growers, Inc. v. Paul, 373 U.S. 132, 142 (1963).

[120] February 15, 1972 is the effective date of the sound recording amendment, Pub. L. No. 92-140, 85 Stat. 391. Petitioners were convicted much earlier (June 28, 1971) for acts obviously committed prior to that date. Thus, the application of the California statute to recordings made after February 15, 1972 is not in issue here.

"Respondent's automatic coincidence means invalidity theory, applied in an area as imbued with the state's interest as is this one, . . . would lead us to the conclusion that a state may not make a dealer in perishable agricultural commodities respect its laws on the fraudulent nonpayment of an obligation, if that fraud occurred after an interstate shipment, 7 U.S.C. §499 (b)(4), for Congress has not expressly saved such prosecutions. We would hold, too, that extortion or robbery from interstate commerce under 18 U.S.C. §1951 or 18 U.S.C. §2117 is immune from state action; that the wrecking of a bridge over an interstate railroad is an 'exclusively federal' offense, 18 U.S.C. §1992; that the transmittal of a ransom note in interstate commerce cannot be punished by local authorities, 18 U.S.C. §875. And see 18 U.S.C. §§331, 472, 479. In short, we would be setting aside great numbers of state statutes to satisfy a congressional purpose which would be only the product of this Court's imagination." [121]

Similar consequences would result from a holding that *Sears* and *Compco* dictate copyright preemption:

"If the rationale of the *CBS* case that *Sears-Compco* was a constitutional decision remains unchallenged, the only conclusion would be that because of an alleged conflict with constitutional copyright policy, many tortious competitive practices such as bribery, breach of confidence, and enticing away customers cannot be enjoined if they concern materials which may be copyrightable subject matter but which are not in fact so protected under the present copyright laws. The equitable doctrine of misappropriation which allowed the courts to do justice in situations not covered by the federal statutes or common law would be overruled." [122]

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[121] California v. Zook, 336 U.S. 725, 732-33 (1949).

[122] Ahrens, *The Misappropriation Doctrine after Sears-Compco*, 59 TRADEMARK REP. 88, 113 (1969).

Surely it could not be seriously asserted that just because a work of fine art can be protected under the federal copyright law, a state cannot statutorily regulate the transfer of reproduction rights in works of fine art;[123] that just because a corporate stock certificate is a "writing" that could be protected under the federal copyright law, a state cannot statutorily outlaw counterfeiting of such certificates;[124] that just because secret scientific material, although constitutionally capable of copyright protection, may be ineligible for protection under the federal copyright law because it is still unpublished, a state cannot statutorily outlaw its unauthorized reproduction[125] or even its physical theft.[126] The control of such activities unquestionably comes within legitimate state interest.[127] Similarly, California has a legitimate interest in punishing record and tape piracy, an activity which "might better be described by other terms connoting larceny." [128]

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[123] *E.g.*, N.Y. GEN. BUS. LAW art. 12-E, §224 (McKinney 1968).

[124] *E.g.*, N.Y. PENAL LAW §170.15 (McKinney 1967).

[125] *E.g.*, N.Y. PENAL LAW §165.07 (McKinney 1967).

[126] *E.g.*, N.Y. PENAL LAW §155.30 (McKinney Supp. 1971).

[127] In Watson v. Buck, 313 U.S. 387 (1941), Justice Black, who later wrote the Court's opinions in *Sears* and *Compco*, found that Florida had the power to prohibit an organization of copyright proprietors from setting license fees for the federally copyrighted works of its members. "We are pointed to nothing either in the language of the copyright laws or in the history of their enactment to indicate any congressional purpose to deprive the states, either in whole or in part, of their long-recognized power to regulate combinations in restraint of trade." 313 U.S. at 404. Clearly, if federal copyright law allows states to prohibit anti-competitive conduct in the marketing of federally copyrighted works, a fortiori, states may also prohibit anti-competitive conduct in the marketing of works whose regulation has been left by Congress to the states.

[128] Shapiro, Bernstein & Co. v. Remington Records, Inc., 265 F.2d 263, 269 (2d Cir. 1959) (Chief Justice Burger, then sitting by designation as a Circuit Judge of the Second Circuit).

E. CONCLUSION

The *amicus curiae* respectfully submits that, because there are no persuasive reasons calling for preemption and to the contrary there are particularly strong reasons against it, because Congress has expressly stated its intent not to occupy the field, and because this state statute would complement rather than contravene federal policy favoring the maintenance of the competitive system, the judgment below should be affirmed.

Respectfully submitted,

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APPENDIX A

Recording Industry Association of America, Inc., Membership List

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250 West 57th Street
New York, New York 10019

ABC/Dunhill Records
8255 Beverly Boulevard
Los Angeles, California
90048

ABKCO Records
1700 Broadway
New York, New York 10019

Abnak Music Enterprises
825 Olive at Ross
Dallas, Texas 75201

A & M Records
1416 North La Brea Avenue
Hollywood, California 90028

Ameret Records
1717 North Highland Avenue
Hollywood, California 90028

Ampex
2201 Lunt Avenue
Elk Grove Village,
Illinois 60007

Ansonia Records
802 Columbus Avenue
New York, New York 10025

Atlantic Records
1841 Broadway
New York, New York 10023

Avco Records
1301 Avenue of the Americas
New York, New York 10019

Bee Gee Records
6430 Sunset Boulevard,
Suite 1013
Hollywood, California 90028

Bell Records
1776 Broadway
New York, New York 10019

Black Jazz Records
9255 Sunset Boulevard
Los Angeles, California
90069

Buddah Records
810 Seventh Avenue
New York, New York 10019

Capitol Industries
Hollywood and Vine
Hollywood, California 90028

CBS/Records Group
51 West 52nd Street
New York, New York 10019

Copley Record Productions
P. O. Box 517
Manchester, Pennsylvania
17345

Crescendo Records
9165 Sunset Boulevard
Hollywood, California 90069

Disneyland/Vista Records
800 Sonora Avenue
Glendale, California 91201

Elektra Records
15 Columbus Circle
New York, New York 10023

Famous Music
One Gulf + Western Plaza
New York, New York 10023

Folkways Records
50 West 44th Street
New York, New York 10036

G R T Corp.
1286 Lawrence Station Road
Sunnyvale, California 94086

GSF Productions
888 Seventh Avenue
New York, New York 10019

Icka-Delick-Music & Record
P. O. Box "C"
Chicago Ridge, Illinois 60415

Jamie Records
919 North Broad Street
Philadelphia, Pennsylvania
19123

Kelit Aurora Records
239 West 18th Street
New York, New York 10011

London Records
539 West 25th Street
New York, New York 10001

Longines-Symphonette
Recording Society
200 Myrtle Boulevard
Larchmont, New York

MCA Records
100 Universal City Plaza
Universal City, California
91608

Mercury Records
35 East Wacker Drive
Chicago, Illinois 60601

Metromedia Records
1700 Broadway
New York, New York 10019

MGM Records
7165 Sunset Boulevard
Hollywood, California 90066

Monitor Records
156 Fifth Avenue
New York, New York 10010

Musicor Records
240 West 55th Street
New York, New York 10019

Nashboro Records
1011 Woodland Street
Nashville, Tennessee 37206

Ovation Records
1249 Waukegan Road
Glenview, Illinois 60025

Pickwick International
135 Crossways Park Drive
Woodbury, L.I., N.Y. 11797

Platinum Records (The Music Factory)
567 N. W. 27th Street
Miami, Florida 33127

Poison Ring Records
10 George Street
Wallingford, Connecticut 06492

Polydor Records
1700 Broadway
New York, New York 10019

Project 3 Records
1270 Avenue of the Americas
New York, New York 10020

Ranwood International
9034 Sunset Boulevard
Los Angeles, California 90069

RCA Records
1133 Avenue of the Americas
New York, New York 10036

Request Records
66 Memorial Highway
New Rochelle, New York 10801

Shelby Singleton Productions
3106 Belmont Boulevard
Nashville, Tennessee 37212

Silhouettes in Courage
22 East 40th Street
New York, New York 10016

Starday-King Records
3557 Dickerson Road
P. O. Box 8188
Nashville, Tennessee 37207

Thomas J. Valentino, Inc.
151 West 46th Street
New York, New York 10036

United Artists Records
6920 Sunset Boulevard
Hollywood, California 90028

Vanguard Recording Society
71 West 23rd Street
New York, New York 10010

Vantage Recordings
P. O. Box 212
Pottstown, Pennsylvania 19464

Warner Bros. Records
4000 Warner Boulevard
Burbank, California 91505

Word Records
P. O. Box 1790
4800 W. Waco Drive
Waco, Texas 76710

Young People's Records
225 Park Avenue South
New York, New York 10003

APPENDIX B

Glossary

1. Sound Recording—An intangible work that results from the fixation of a series of musical, spoken or other sounds regardless of the nature of the material object (such as a disc, prerecorded tape, player piano roll or other record) in which the sounds are embodied.

2. Record or tape—The material object in which sounds are fixed by any means and from which the sounds can be perceived, reproduced, or otherwise communicated either directly or with the aid of a machine or device. Records and tapes are the reproductions of sound recordings and include phonograph records (discs) and various configurations of prerecorded magnetic tapes.

3. Phonograph Record—One of the forms in which sound recordings are embodied. Today, phonograph records are flat discs made of various types of vinyl and plastic into which grooves have been pressed. Sounds are reproduced when the phonograph record revolves on a turntable and a stylus passes along the grooves, creating mechanical vibrations within the stylus which are then transformed into electrical impulses, amplified and reproduced audibly through a loudspeaker. Phonograph records are sold commercially as single records and as long-playing records (albums).

4. Single or Singles—A phonograph record consisting of a flat disc 7 inches in diameter, which, when played on a phonograph, revolves at 45 revolutions per minute. Each

side of a single customarily contains a performance of one musical composition and this form of phonograph record today is limited to popular as distinguished from classical music.

5. Long Playing (LP) Record or Album—A phonograph record consisting of a flat disc 12 inches in diameter, which, when played on a phonograph, revolves at 33⅓ revolutions per minute. Each side of an LP or album can carry approximately thirty minutes of recorded sound. An LP or album of popular music usually contains performances of between nine and twelve musical selections and customarily runs twenty minutes on each side.

6. Prerecorded Tape—Another form in which sound recordings are embodied. Electrical impulses are impregnated magnetically within the molecular structure of the tape compound. Sounds are reproduced when the tape moves across a tape head and the electronic signals are picked up, amplified and reproduced audibly through a loudspeaker. Prerecorded tape commonly is sold in three forms: reel-to-reel, cartridges and cassettes.

7. Reel-to-Reel Tape—A prerecorded tape sold commercially in ¼ inch width, wound upon a reel 7 inches in diameter. The tape is played by threading it through a tape recorder so that it runs from the full reel, over the tape head, and on to a take-up reel. The tape moves at a speed of either 3¾ inches per second (i.p.s.) or 7½ i.p.s.

8. Tape Cartridge—A prerecorded tape sold commercially in ½ inch width, packed permanently in a rectangular plastic device. The tape is wound upon a hub

to form a continuous loop so that it can play continuously over and over again without the need to change direction of the tape or to turn the cartridge over. The cartridge is played by inserting it into a playback device, whereupon the tape moves at 3¾ i.p.s. past the tape head. The tape customarily embodies four pairs of individually recorded tracks and the tape head moves into four different positions to play each pair in sequence giving a stereophonic effect.

9. Tape Cassette—A prerecorded tape sold commercially in ⅛ inch width, packed permanently in a rectangular plastic device which is thinner and smaller than a tape cartridge. The tape is not in a continuous loop; rather, it moves from one reel to another within the plastic device and needs rewinding to be played again. The cassette is played by inserting it into a playback device, whereupon the tape moves at 1⅞ i.p.s. past the stationary tape head. Newer cassettes customarily embody four stereophonic tracks, two of which are reproduced when the tape is played moving in one direction and two of which are reproduced when the cassette is turned over and the tape is played moving in the opposite direction.

10. Phonogram—A term which has come into use in international conventions to describe sound recordings regardless of the physical form of the material object in which they are embodied.

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MICHAEL RODAK, JR.

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1971

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN, and DONALD KOVEN,

Petitioners,

v.

STATE OF CALIFORNIA,

Respondent.

ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT, SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

BRIEF OF THE PEOPLE OF THE STATE OF CALIFORNIA AMICUS CURIAE IN SUPPORT OF THE RESPONDENT

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IN THE

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ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT, SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

BRIEF OF THE PEOPLE OF THE STATE OF CALIFORNIA AMICUS CURIAE IN SUPPORT OF THE RESPONDENT

Interests of Amicus Curiae

The question presented in this case is the validity of California Penal Code section 653h making it a misdemeanor to "pirate"[1] sound recordings, as applied to recordings fixed prior to February 15, 1972, the effective date of the Sound Recording Act of 1971, Public Law 92-140, 85 Statutes 391 (1971)[2] extending copyright protection to sound recordings.

[1] The term "piracy" has come to mean the unauthorized reproduction and sale of phonograph records and tape cartridges, the conduct for which petitioners were convicted. See e.g., Halpern, *The Sound Recording Act of 1971:* An End to Piracy on the High C's, 40 George Washington Law Review, 964.

[2] Referred to hereinafter as the Sound Recording Act.

California is vitally interested in this case since its outcome will have a significant impact upon the legitimate recording industry of California and the continued availability of high quality sound recordings by artists and manufacturers of outstanding talent and ability. A result which will recognize the authority of California to prohibit through legislation the activities of tape pirates is necessary if the interests of the people of the State of California are to be protected. The activities of these pirates, while having achieved nation-wide and international notoriety, are of particular significance to California because of the location of the legitimate recording industry in this state.

Summary of Argument

Section 653h is clearly a proper exercise by California of its general police power to regulate the conduct of business within the state so as to prohibit the misappropriation by pirates of the property of legitimate recording artists and producers. The legitimate recording industry provides an essential contribution to society in the form of artistic and creative work and the encouragement of this industry is a desirable, proper and legitimate state function. The activities of pirates seriously jeopardize the welfare of the people of the State of California, as determined by the California Legislature, and California properly enacted Penal Code section 653h to prohibit pirates from engaging in this unlawful, unfair and injurious activity.

Sound recordings fixed prior to February 15, 1972, are not within the provisions of the federal copyright law and therefore the preemption doctrine is not applicable. The refusal of Congress to include sound recordings within the provisions of prior legislation [3] was deliberate and motivated by information that state laws afforded adequate protection.

The *Sears* [4] and *Compco* [5] cases are not controlling. The subject matter of those suits was clearly within the ambit of the Federal Patent Law although the "pole-lamp" and lighting fixture involved were found to be not patentable because they did not meet the specific requirements of that law. By contrast, here the very subject matter of the controversy—sound recordings fixed prior to February 15, 1972—is not within the ambit of the federal copyright laws either statutory or constitutional and hence is within the power of the states to regulate.

Argument

California Penal Code Section 653h Is a Valid Exercise of This State's Power to Legislate Against the Injurious and Unfair Activities of Tape Pirates

A. California Has a Compelling Interest in the Subject Matter of Penal Code Section 653h.

Petitioners have failed completely to discuss the interests of the State of California, expressed in Penal

[3] Prior to the Sound Recording Act.

[4] *Sears, Roebuck & Co.* v. *Stiffel Co.* (1964) 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed. 2d 661.

[5] *Compco Corporation* v. *Day-Brite Lighting, Inc.* (1964) 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed. 2d 669.

Code section 653h, in prohibiting their acts of piracy by legislation. Perhaps this omission is because of the obvious power of the state in this regard. Obvious or not, however, the state's interests in prohibiting this conduct that is both larcenous and constitutes unfair competition should, it is submitted, weigh heavily in this Court's deliberations.

The serious impact of this conduct on the legitimate recording industry and upon the general welfare is reflected in the House Report [6] on the Sound Recording Act:

> "While it is difficult to establish the exact volume or dollar value of current piracy activity, it is estimated by reliable trade sources that the annual volume of such piracy is now in excess of $100 million. It has been estimated that legitimate prerecorded tape sales have an annual value of approximately $300 million. The pirating of records and tapes is not only depriving legitimate manufacturers of substantial income, but of equal importance is denying performing artists and musicians of royalties and contributions to pension and welfare funds and Federal and State governments are losing tax revenues."

The history of popular tape recordings has been brief and one of phenomenal growth. From less than 5 percent of total recording sales in the early 1960's, it has been reported that tapes in 1969 accounted for 25 percent of sales of all recorded music.[7] Total legiti-

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[6] House Report No. 92-487, 92nd Congress, 1st Session, p. 1567.
[7] *Los Angeles Times*, February 28, 1970.

mate tape sales for 1969 amounted to more than $300 million. Significantly, pirates are estimated to gross $100 million annually.[8] California has more than shared in this mushrooming problem. It has been stated that California probably has more pirates than any other state with estimates of as many as 20,000 in Los Angeles alone. The result has been a loss of business to the legitimate recording industry and a plethora of state court suits against the pirates in California.[9]

It has been said that the police power is simply the power of sovereignty or power to govern—the inherent reserved power of the state to subject individual rights to reasonable regulation for the general welfare. *Nebbia* v. *New York* (1934) 291 U.S. 502, 54 S.Ct. 505, 78 L.Ed. 940; *Berman* v. *Parker* (1954) 348 U.S. 26, 75 S.Ct. 98, 102, 99 L.Ed. 27. Private rights of property must yield to the police power. *Home Building and Loan Association* v. *Blaisdell* (1933) 290 U.S. 398, 54 S.Ct. 231, 78 L.Ed. 413.

This Court stated in *Ferguson* v. *Skrupa* (1962 372 U.S. 726, 730, 83 S.Ct. 1028, 10 L.Ed. 2d 93:

> "It is now settled that States 'have power to legislate against what are found to be injurious practices in their internal commercial and business affairs, so long as their laws do not run afoul of some specific federal constitutional prohibition, or of some valid federal law.' "

[8] *California Business*, March 2, 1970; *Los Angeles Times*, February 28, 1970.

[9] *Los Angeles Times*, February 28, 1970; *California Business*, March 3, 1970.

And in *Berman* v. *Parker, supra,* 348 U.S. 26, 32, 75 S.Ct. 98, 102, 99 L.Ed. 27, this Court stated:

> "We deal, in other words, with what traditionally has been known as the police power. An attempt to define its reach or trace its outer limits is fruitless, for each case must turn on its own facts. The definition is essentially the product of legislative determinations addressed to the purposes of government, purposes neither abstractly nor historically capable of complete definition. Subject to specific constitutional limitations, when the legislature has spoken, the public interest has been declared in terms well-nigh conclusive. In such cases the legislature, not the judiciary, is the main guardian of the public needs to be served by social legislation, whether it be Congress, legislating the District of Columbia (see *Block* v. *Hirsh,* 256 U.S. 135) or the States legislating concerning local affairs. See ____ *California State Association* v. *Maloney,* 341 U.S. 105."

The United States District Court for the Central District of California in *Tape Industries Association of America* v. *Younger,* (1970) 316 F.Supp. 340, 351 (appeal dismissed for want of jurisdiction, 401 U.S. 902) (appeal pend. U.S. Ct. App. 9th Cir., No. 26,-628) expressed the interest of California in enacting Penal Code section 653h:

> "When all of the facts of the case here are considered, we are driven to the conclusion that Calif. P.C. § 653h (1968) is a tolerable and permissible state regulation directed against theft and appropriation of a saleable product, and does not un-

constitutionally intrude on the Federal policies enunciated in the Copyright Clause, U.S. Const. art. I, § 8, Cl. 8, and in Federal Copyright legislation, 17 U.S.C., §§ 1–215. Plaintiffs in this action are known in the record industry as 'tape pirates' and rightly so, for to the best of our knowledge all other courts that have had occasion to consider the conduct of such 'tape pirates' have sanctioned state limitations upon their piratical activities. See, *Capitol Records, Inc.* v. *Erickson,* 2 Cal.App. 3d 526, 82 Cal.Rptr. 798 (1969), cert.den. 398 U.S. 960, 90 S.Ct. 2176, 26 L.Ed.2d 545, June 15, 1970."

The magnitude of the activities of these "pirates" has been well documented in the public press [10] and in the Congressional Reports on the Sound Recording Act.[11] The interest of California in prohibiting the activities of tape pirates is clear. California Penal Code section 653h deals directly with this business of larceny and misappropriation of the property of another rather than with the artistic work represented by the sound recording and is a valid statute.

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[10] See, e.g. Drummond, "Admitted Music Pirate Tells How Bootleg Market Started," *Los Angeles Times,* July 20, 1971, Part II, at 1; "Marketing: Revolutionary War," *Time,* June 28, 1971, at 72; "The $100-Million Market in Bootleg Tapes," *Business Week,* May 15, 1971, at 132–36; Rosenblatt, "Tape Pirates: Industry Fights Bootleg Music, *Los Angeles Times,* February 28, 1970, at 1; Weber, "Piracy on the High C's," *California Business,* March 2, 1970, at 3; *News Week,* October 5, 1970, at p. 70.

[11] House Report No. 92-487 and Senate Report No. 92-72, 92d Congress, 1st Sess.

B. Federal Law Has Not Preempted the Field So as to Preclude State Legislation

Petitioner argues that "Congress has specifically, and repeatedly, refused to grant copyright protection to sound recordings fixed or published prior to February 15, 1972" (Brief of Petitioners, p. 10) and deduces from this a deliberate congressional intent to deny to the states the power to afford such protection. The accuracy of the statement that the Copyright Act was not intended to cover sound recordings, prior to the Sound Recording Act, and that this was a deliberate omission on the part of Congress is not challenged. It does not follow, however, that this failure of Congress to include sound recordings within the Copyright Act constituted a deliberate removal by Congress of the states' power to provide such protection.

Available evidence indicates that during the deliberations by Congress on this subject, testimony of representatives of the recording industry informed Congress that the states could provide adequate protection against pirates through common law remedies or, inferably, state legislation. This evidence has been gathered and summarized in Ringer, *The Unauthorized Duplication of Sound Recordings,*[12] where we find the following:

> "Hearings on the Perkins bill were held in January and February 1925. No one spoke directly either in favor of or in opposition to the provisions

[12] Studies on Copyright, Arthur Fisher Memorial Edition, (Rothman & Co., 1963), Study No. 26.

governing copyright in recordings, and the provisions were hardly mentioned throughout the testimony. In fact, J. G. Paine of the Victor Talking Machine Co. stated that the record manufacturers had not asked for statutory protection, and were not sure they wanted it. He asserted that the bill merely protected against dubbing, and that the manufacturers already had protection against dubbing under the common law theory of unfair competition." At p. 22, citing *Hearings Before the House Committee on Patents on H.R. 11258, 68th Cong., 2nd Sess.,* 303 (1925).

"Hearings on H.R. 10434 were held in April 1926. Again there was hardly any discussion of the provision making sound recordings copyrightable, and the representative of the Aeolian Co. almost seemed unaware that the bill contained such a provision. On the subject of dubbing he had this to say:

'I will tell you this—I am not telling that for public consumption, but there are serious difficulties. I have given a great deal of thought as to how we could stop a man who dubbed our rolls. Fortunately, we have not been bothered very particularly about that. The Victor Co. have; but they get them under certain theories of unfair competition.' " At pp. 22–23, citing *Hearings Before the House Committee on Patents on H.R. 10431, 69th Cong., 1st Sess.,* 319 (1926).

"Representative Vestal introduced his bill again in the 70th Congress, but no further action was taken on it. During the hearings held in 1928, 1929, and 1930 on bills dealing with the compulsory licensing provisions, the author-publisher represent-

atives advanced and developed a line of argument they had used before. They pointed out that the record manufacturers were effectively protected against dubbing by the common law, and for this reason their contracts with the performers were truly exclusive—no one but Victor could issue a Caruso recording, for example." At p. 23, citing *Hearings Before the House Committee on Patents on H.R. 9639, 71st Cong., 2nd Sess.,* 10–11, 27, 29 (1930).

"These provisions of both the Daly and Sirovich bills attracted a good deal of attention, and were the subject of much comment during the extended hearings held in February, March, and April, 1936. . . .

". . . It appeared to be assumed generally that ordinary dubbing of sound recordings could be effectively prevented at common law on the theory of unfair competition, but, in addition to controlling broadcasting and public performance, the performers were concerned with preventing unusual types of dubbing—particularly the practice of re-recording commercial records for broadcasting purposes." At p. 29, citing *Hearings Before the House Committee on Patents on Revision of Copyright Laws, 74th Cong., 2nd Sess.,* 113, 639, 653, 1181 (1936).

See also: Diamond, *Copyright Problems of the Phonograph Record Industry,* 15 Vanderbilt Law Review 419, 429 (1962); Halpern, *The Sound Recording Act of 1971: An End to Piracy on the High C's, supra,* 40 George Washington Law Review at p. 976.

It is submitted, then, that Congress was in no hurry to include sound recordings within the protection of

the Copyright Act for the reason, *inter alia,* that it had been reliably informed that this problem could be reached through state action. In the light of this history, section 3 of the Sound Recording Act assumes great significance. This section provides:

> "[N]othing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any right with respect to sound recordings fixed before the effective date of this Act."

This section embodies the intent of Congress that the state protection previously afforded against pirates not be disturbed by the Sound Recording Act.

This question was recently presented to the United States Court of Appeal, 10th Circuit, in *Tape Head Company* v. *R C A Corporation,* 452 F.2d 816, 819 (1971) wherein the plaintiff was threatened with court action arising under state law to prevent them from engaging in an act of piracy. In concluding that a preliminary injunction to prohibit proceedings against plaintiffs under state law was improper, the court stated:

> "The basic premise of plaintiffs is that Congress, in making the mentioned act pertaining to recordings effective February 15, 1972, thereby manifested an intention to grant persons in the position of the plaintiffs a *carte blanche* right to copy these records free of any restrictions existing under various state laws, common or statutory. The enactment served to make the copyright effective February 15, 1972, and a side effect or implied consequence that Congress thereby pre-

empted this field prior to February 15, 1972, does not follow. In fact, the act itself provides that its terms should not be applied retroactively or 'be construed as effecting in any way any rights with respect to sound recordings fixed before the effective date of this act.' Thus, it cannot be said that any actions commenced by defendants prior to that date are void and abortive. It is highly questionable from the authorities presented that plaintiffs have, as a result of the act of Congress, acquired a right to convert and use these recordings with impunity prior to February 15, 1972 [footnote omitted]." See also: *Capitol Records Inc.* v. *Mercury Records Corporation,* 221 F.2d 657 (2nd Cir. 1955).

It is submitted that the language of the act itself evinces the Congressional belief that there were valid state rights in sound recordings prior to the Sound Recording Act and that the Act expressly declares that these rights shall not in any way be affected by it.

Petitioner contends that this court's opinions in *Sears, Roebuck and Company* v. *Stiffel Co., supra,* 376 U.S. 225, and *Compco Corporation* v. *Day-Brite Lighting, Inc., supra,* 376 U.S. 234 state a doctrine of federal preemption necessarily invalidating state control of pirates by any means including legislation. It is submitted that the *Sears* and *Compco* cases are inapplicable here because sound recordings were never intended to be covered by the copyright laws prior to enactment of the Sound Recording Act. By contrast, the "pole lamp" in the *Sears* case and the light-

ing fixture in the *Compco* case were within the subject matter covered by the patent laws but because of technical requirements these items failed to qualify for patent protection.

In the *Sears* case the state's unfair competition law was invoked to prevent Sears from making a substantially exact copy of a pole lamp that resulted in confusion to the public. The respondent Stiffel had been granted patents on this lamp but the United States District Court held the patents invalid for want of invention.

In the *Compco* case respondent Day-Brite, a competitor of Compco, had secured a design patent on the light fixture in question but had been denied a mechanical patent. The United States District Court held the design patent invalid.

As this Court pointed out in those cases, the state laws there were clearly in conflict with the Federal Patent Law and stated the rule:

> "When state law touches upon the area of these federal statutes, it is 'familiar doctrine' that the federal policy 'may not be set at naught, or its benefits denied' by the state law." (376 U.S. at 229.)

The principle and logic of these cases are not put to the test here. As indicated hereinabove, sound recordings were not covered by the federal copyright laws and so we are not concerned with the situation where "state law touches upon the area of these federal statutes."

This same conclusion was reached by the United States Court of Appeal in *Tape Head Company* v. *R C A Corporation, supra,* 452 F.2d 816 where, in fn. 1 at p. 819, the court observes:

> "We have examined the decisions of the Supreme Court in *Sears, Roebuck & Company* v. *Stiffel,* 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed. 661 (1964), and *Compco Corporation* v. *Day-Brite Lighting, Inc.,* 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed. 2d 669 (1964), involving in the one instance a pole lamp and in the other a lighting fixture. These are not applicable for two reasons: The articles differ from ideas or compositions, and the Supreme Court has not held that persons who appropriate material such as is here involved are forever immune from *suit.*"

It is submitted that the *Sears* and *Compco* cases should not be applied so as to invalidate state laws in this area.

This Court's opinion in *International News Service* v. *The Associated Press,* 248 U.S. 215, 63 L.Ed. 211, 39 S.Ct. 68 (1918) recognized the existence of a right of legal action outside the Copyright Act and so is support for the validity of California Penal Code section 653h. In that case this Court held that a news service which had "misappropriated" the uncopyrighted news dispatches of a competitor and used them as its own was guilty of unfair competition. It reasoned that Associated Press had a qualified right in its stories and could therefore obtain an injunction against the misappropriation of those stories

at least for as long as the news dispatches had commercial value. During the course of its opinion this Court made the following observations that seem applicable here:

> ". . . We are dealing here not with restrictions upon publication but with the very facilities and processes of publication . . . . [T]he news of current events may be regarded as common property. What we are concerned with is the business of making it known to the world, in which both parties to the present suit are engaged. . . . The parties are competitors in this field; and, on fundamental principles, applicable here as elsewhere, when the rights or privileges of the one are liable to conflict with those of the other, each party is under a duty so to conduct its own business as not unnecessarily or unfairly to injure that of the other. *Hitchman Coal & Coke Co.*, v. *Mitchell*, 245 U.S. 229, 254." (248 U.S. at p. 225.)

The aptness of the *International News Service* rationale to the instant case is demonstrated further by the discussion of the nature of the business there involved:

> "Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering

the news. The transaction speaks for itself, and a court of equity ought not to hesitate long in characterizing it as unfair competition in business." (248 U.S. at p. 240.)

Following the decision of this Court in the *Sears* and *Compco* cases, numerous courts, federal and state, have recognized the distinction between the "copying" or imitation involved in those cases and the misappropriation condemned in *International News Service*. For the most part, these courts have concluded that *Sears* and *Compco* have not legalized record piracy: *Dutchess Music Corporation* v. *Stern*, 458 F.2d 1305, 1311 (9th Cir. 1972); *Tape Head Company, Inc.* v. *R C A Corporation*, 452 F.2d 816, 819, note 1 (10th Cir. 1971); *Tape Industries Association of America* v. *Younger*, 316 F.Supp. 340 (C.D. Cal. 1970) (appeal dism'd., 401 U.S. 902) (1971); *Columbia Broadcasting System, Inc.* v. *Custom Recording Co., Inc.*, ---- S.E.2d ---- (S.C. S.Ct. 1972, Opn. 19430 f. May 29, 1972); *Columbia Broadcasting System, Inc.* v. *Custom Recording Company, Inc.*, 189 S.E.2d 305 (S.C. S.Ct. 1972); *Liberty/UA, Inc.* v. *Eastern Tape Corporation*, 180 S.E.2d 414, 417 (appeal dism'd 181 S.E.2d 600) (1971); *Capitol Records, Inc.* v. *Erickson*, 2 Cal.App.3d 527, 82 Cal.Rptr. 798 (1970); *Capitol Records, Inc.* v. *Spies*, 264 N.E.2d 874,877 (Ill. Appeal 1970); *Columbia Broadcasting System, Inc.* v. *Documentaries Unlimited, Inc.*, 42 Misc.2d 723, 726-727, 248 N.Y. Supp.2d 809, 812-813 (1964); *Capitol*

Records, Inc. v. *Greatest Records, Inc.*, 43 Misc.2d 878, 525 N.Y. Supp. 2d 553, 555–557 (1964).[13]

[13] *International Tape Mfgs. Assoc.* v. *Gerstein* ____F.Supp.____, U.S.D. Ct. S.D. Fla. (1972) (Opn. No. 72-164-DIV-JE, f. 6-12-72) appears to be the case most clearly contrary to the above cited cases and, following an analysis reached a contrary conclusion. See also *Columbia Broadcasting System, Inc.* v. *DeCosta*, 377 F.2d 315, 318 (1st Cir. 1967).

CONCLUSION

It is respectfully submitted that the judgment of the Court below, affirming petitioners' convictions and upholding California Penal Code section 653h is correct and should be affirmed.

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MICHAEL RODAK, JR.,

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1971
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN
AND DONALD KOVEN,

Petitioners.

v.

THE STATE OF CALIFORNIA,

Respondent.

On Writ of Certiorari To The Appellate Department, Superior Court of California, County of Los Angeles.

BRIEF OF THE ATTORNEY GENERAL OF THE STATE OF TEXAS, *AMICUS CURIAE*, IN SUPPORT OF RESPONDENT AND THE CALIFORNIA PENAL CODE PROVISION §653H

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IN THE

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OCTOBER TERM, 1971

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v.

THE STATE OF CALIFORNIA,

Respondent.

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BRIEF OF THE ATTORNEY GENERAL OF THE STATE OF TEXAS, *AMICUS CURIAE*, IN SUPPORT OF RESPONDENT AND THE CALIFORNIA PENAL CODE PROVISION §653H WHICH PROTECTS PROPERTY RIGHTS OF CITIZENS FROM TRAFFIC IN ILLICIT AND CONTRABAND PROPERTY.

A. THE INTEREST OF THE *AMICUS CURIAE*

The Attorney General of the State of Texas files, *amicus curiae*, this brief in support of a permissible exercise of the police power of the states. Texas has enacted a statute (Texas Ann. Penal Code, Art. 1137r) similar to the California Penal Code Statute (§635H) which the petitioners seek to challenge on constitutional grounds.

B. SUMMARY OF ARGUMENT

Texas urges that the California statute be upheld as a constitutional exercise of state police power. We maintain that neither the California statute nor the Texas companion statute conflicts with Federal Copyright Law, and that this Court's holdings in *Sears Roebuck & Co. v. Stiffle Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) are not contradictory of that position. The *Sears* and *Compco* cases, as well as Federal Copyright Law, recognize the legitimate domain of state common law protection of unpublished materials. The manufacture and sale of records and tapes is not such a publication which would destroy the property right in unpublished materials. One who steals the performance from the records and tapes has therefore committed a larceny, and under its police power, the state may protect its citizens from such theft. The fact that a revision of Federal Copyright law now extends limited protection to some owners of these "properties," does not create a conflict of Federal and State law. Rather, both federal and state statutes constitutionally work in harmony to thwart the destruction of the sound recording industry and the elimination of the means of livelihood of the recording artists and associated technicians and employees.

C. ARGUMENT

I. THE PRACTICE OF SOUND RECORDING PIRACY IS NOT UNIQUELY A CALIFORNIA PROBLEM, AND THE ABUSE LED TO ACTION BY THE LEGISLATURE OF TEXAS

The 62nd session of the Texas legislature at its regular session in 1971 enacted Chapter 890 (S.B. 748)

(See Appendix 1), a criminal statute, in response to widespread appropriation and marketing of recorded sounds from tapes and phonograph records. The practice had, in fact, become so common that it had acquired a widely used designation as "tape piracy" and "record piracy." These stolen sounds are sold by persons who neither sought nor obtained the permission or consent of the original recording artists.

The protection afforded by the federal copyright statute, because of the nature of that act, is not complete. Although certain limited federal legislation became effective on February 15, 1972, there are literally thousands of tapes and records which were produced in the period of time prior to the enactment of the recent federal legislation. The owners of property interests in this particular category should not be denied protection of their common law rights by any strained construction seeking to invalidate the statute here under examination. As we understand the recent federal enactment, it specifically is made applicable only to sound recordings "Fixed, published and copyrighted on and after the effective date of this Act." The state statute affords substantial protection in this area involving the older sound recordings.

The notion that only those persons who are *currently* able to sing or perform "hit" records are entitled to protection is highly discriminatory. The artists of old, whose talents have faded, would soon find their property and income from royalties ravaged by the pirates, leaving them unable to provide for themselves and their families. Congress and the courts have surely intended that these property rights be protected from theft by appropriation. Texas, California and other states have enacted valid legislation to insure that these rights shall remain protected. The State of

Texas believes that such legislation is unquestionably constitutional. See Attorney General's Opinion No. M-1114, attached as Appendix 2.

Public policy has been and continues to be the province of the voice of the people, speaking through their duly constituted legislative bodies. Absent a transgression of fundamental law, that expression is to be enforced. This Court has not abrogated the maxim that the states have a prior responsibility for defining and prosecuting criminal acts. *Abate v. United States*, 359 U.S. 187 (1959), *California v. Zook*, 336 U.S. 725 (1949.)

II. THE CALIFORNIA ANTI-PIRACY STATUTE (CAL. PENAL CODE §653H), LIKE THE COMPARABLE TEXAS STATUTE (ARTICLE 1137r, TEXAS ANN. PENAL CODE), IS A CONSTITUTIONAL EXERCISE OF STATE POLICE POWER.

It is established that three alternatives exist in the area of copyright law. Once there has been publication, the work may be "copyrightable" or "non-copyrightable," dependent upon meeting the mechanical requirements of the Federal Copyright Act. Prior to the publication, works may be protected by the state under the so-called rules of common law copyright. The Federal Copyright Act[1], as well as the landmark cases of *Sears*[2] and *Compco*[3], recognized the domain in which the state is entitled to give protection.

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[1]17 U.S.C. §2, "Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor." See also *Fashion Originators Guild v. F.T.C.*, 114 F. 2d 80 (2nd Cir. 1940) affd., 312 U.S. 457 (1941) which recognized the right of the state to legislate in the unpublished domain when it held that

We are in accord, as are the cases, with the understanding that published works, if they are to be protected at all, must be protected under the Federal Copyright Act. But we submit that the manufacture and sale of a record or a tape is not such a publication to commit the performance to the public domain so as to limit it to the singular protection of the Federal Statutory Copyright Act. The courts of this nation have consistently been in accord with this proposition. *Capitol Records, Inc. v. Greatest Records, Inc.*, 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964); *Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc.*, 42 Misc.2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964); *Capitol Records, Inc. v. Spies*, 264 N.E.2d 874 (Ill. App. 1970); *Liberty/UA Inc. v. Eastern Tape Corp.*, 180 S.E.2d 414 (appeal dism'd 181 S.E.2d 600) (1971); *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 82 Cal. Rptr. 798 (1969), cert. denied, 398 U.S. 960 (1970).

The unauthorized duplicating or pirating of both live and recorded performances has been condemned by a line of decisions of the federal and state courts, which began long before *Sears* and *Compco*. These decisions have held such thefts unlawful and granted injunctions to prohibit the appropriation of performances "off the air," *Columbia Broadcasting Systems, Inc. v. Documentaries Unlimited, Inc., supra* (news

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whether "systematic copying of dress designs is tortious . . . is a matter of state law."

[2]376 U.S. at 231, n. 7, ". . . and that section of the Copyright Act *which expressly saves state protection of unpublished writings* but does not include published writings, 17 U.S.C. §2." (emphasis ours)

[3]376 U.S. at 237, ". . . the federal policy . . . of allowing free access to copy whatever the federal patent and copyright laws *leave in the public domain.*" (emphasis ours)

reports), *Metropolitan Opera Assn. Inc. v. Wagner Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), affd., per curiam 279 App. Div. 632, 107 N.Y.S.2d 795 (1951) (opera broadcasts); from other "masters," *Capitol Records, Inc. v. Mercury Records Corp.*, 109 F. Supp. 330 (S.D.N.Y. 1952) affd., 221 F.2d 657 (2nd Cir. 1955); *RCA v. Premier Albums, Inc.*, 19 App. Div.2d 62, 240 N.Y.S.2d 995 (1963); or from phonograph records sold to the public, *Capitol Records, Inc. v. Erickson, supra; Capital Records, Inc., v. Spies, supra; Liberty/UA Inc. v. Eastern Tape Corp., supra; Geiseking v. Urania Records, Inc.*, 17 Misc.2d 1034, 155 N.Y.S.2d 171 (Sup.Ct. 1956). The Federal Trade Commission determined in 1919 that the unauthorized duplication of piano rolls constituted appropriation of the ingenuity, labor and expense of the originator and was an unfair method of competition under Section 5 of the Federal Trade Commission Act. *F.T.C. v. Orient Music Roll Co.*, 2 F.T.C. 176 (1919).

We shall not endeavor to burden this Court with any detailed discussion of the arguments behind the survival of the principles of copyright protection, but shall instead leave that to the respondents and other *amici curiae*. It is sufficient for our purposes to say that those who see cases which seem to contradict the proposition that there still exists a state protectable interest, fail to recognize that there is a basic distinction between "copying" and "appropriating" property. Copying, as it is properly used, goes to making something that sounds just like or looks just like the original. "Copying" a record would entail getting another band and another singer and attempting as best one could to emulate the sound of the original. As in *Sears*,

where this Court determined that making a lamp that looked just like the unpatentable model was not forbidden, this Court would also not forbid an attempt to emulate the original sound recording.

We do not believe this Court was saying in *Sears* and *Compco* that the states were forbidden to foreclose someone from stealing the owner's very lamp. So, too, we do not believe this Court intended to restrict the states in forbidding the theft, i.e. appropriation, of the original sound from instruments of conveyance of the actual performance. To "draw off" the sound from the record or tape is to appropriate the property itself just as it would be to tape the live performance of the performer from the radio transmission. *Ferris v. Frohman*, 223 U.S. 424 (1912) holds that repeated public performances do not constitute a publication or dedication of the owner's common law rights.

The imagined right to appropriate contended for by petitioners is contrary to cases which apply *Ferris*, such as *King v. Maestro, Inc.*, 224 F.Supp. 101 (S.D. N.Y. 1963), holding that radio and television broadcasts and the exhibition of motion picture newsreels of a speech did not divest the owner of the speech of his common law rights in it. The conduct proscribed by these state larceny statutes is the very same conduct condemned in *International News Service v. Associated Press*, 248 U.S. 215 (1918), where this Court said:

> ". . . instead of selling its own goods as those of complainant, it substitutes misappropriation in the place of misrepresentation, and sells complainant's goods as its own."

It must follow, therefore, that the sale of a record is indeed not a publication that submits to the world

the right to duplicate the record. Pirated sound recordings are not imitations or simulations at all of the very thing—the recorded performance—that makes a phonograph record valuable and salable; when a record is played, the listener hears the same thing that he hears over the radio when a person is making a live broadcast. The taking of that performance is the theft of property and is as reprehensible as the theft in a person's domicile of his personal belongings. The fact that a performer has shown, or sung, what he owns does not mean that he is not entitled to protection by the state from its theft. These unpublished works are his property.

III. THE ENACTMENT BY CONGRESS OF AN AMENDMENT TO THE COPYRIGHT ACT MAKING RECORDINGS A COPYRIGHTABLE INTEREST DOES NOT CAUSE THESE STATE STATUTES TO BE UNCONSTITUTIONAL.

The decision of the three-judge federal court in the case of *Tape Industries Association of America v. Younger*, 316 F.Supp. 340 (C.D. Cal. 1970), appeal dism'd, 401 U.S. 902 (1971), appeal pending, U.S. Ct. App. 9th Cir., No. 26628, in accord with many other courts, correctly holds that this is a supremacy clause question rather than a pre-emption question. The issue there was one of whether a federal statute was in conflict with a state statute. *Younger* held that *Sears* and *Compco* did not confer a substantive right to be free from state interference. We submit that since California has enacted a statute within its legitimate realm of police power, the California statute must be measured in light of the potential existence of conflict.

These state statutes were enacted to stem the rampaging theft by these pirates of valuable property of

the recording artists and the industry. The policy adopted was, therefore, to stem this activity by enacting both federal and state leigslation to curb these criminal acts. Action by Congress was along the lines of federal copyright protection prior to publication, a power which we concede they have under Article I, Sec. 8 of the U. S. Constitution. Federal and state laws operate on the same subject matter with the state providing additional protection where the federal protection does not extend. There is no federal copyright protection for those tapes and records created prior to February 15, 1972, and the state statute affords substantial protection in this area involving the older sound recordings.

Lack of conflict is evidenced by the existence of an identical purpose in the federal and state statute to stop the piracy occasioned by record duplication onto tapes and records in order to quickly capitalize upon the performance of another, thus avoiding the risk and investment necessarily undertaken by the owner of the performance. The state statute is consonant with the federal statute in that purpose. The state statute affords added protection in insuring that old performances on records are not stolen, as well as providing a double sanction after new unpublished works qualify under federal copyright protection.

This Court has repeatedly emphasized that "... this Court's decisions . . . enjoin seeking out conflicts between state and federal regulation where none clearly exists." *Huron Portland Cement Co. v. City of Detroit*, 362 U.S. 440, 446, (1960). This Court has also emphatically stated the rule in *Schwartz v. State of Texas*, 344 U.S. 199, 202, (1952) that:

" 'It should never be held that Congress intends to supersede or, by its legislation suspend, the exercise of the police powers of the states, even when it may do so, unless its purpose to effect that result is clearly manifested.' Reid v. State of Colorado, 187 U.S. 137, 148, 23 S.Ct. 92, 96, 47 L.Ed. 108"

With this heavy presumption of a lack of conflict, there is no reason for this Court to seek out a conflict between the federal and state statutes, especially in light of the fact that the federal copyright statute leaves to the states the power to legislate in this area. *Sears* and *Compco* recognize the right of the state to legislate in this area. The federal statute does not show a "purpose to effect that result," nor does it show that such an intent is "clearly manifested."

In *Florida Lime and Avocado Growers, Inc. v. Paul*, 373 U.S. 132, 142 (1963), this Court said:

> "The test of whether both federal and state regulations may operate, or the state regulation must give way, is *whether both regulations can be enforced without impairing the federal superintendence of the field*, not whether they are aimed at similar or different objectives.
>
> "The principle to be derived from our decisions is that federal regulation of a field of commerce should not be deemed preemptive of state regulatory power in the absence of persuasive reasons—either that the nature of the regulated subject matter permits no other conclusion, or that the Congress has unmistakably so ordained. See, e.g., Huron Portland Cement Co. v. Detroit, supra." (emphasis ours)

Even more persuasive is the decision in *Colorado Anti-Discrim. Comm v. Continental Air Lines, Inc.* 372 U.S. 714, 721 (1963), where this Court, in ruling on the

validity of a state statute under the supremacy doctrine, noted:

> "... *that the mere 'fact of identity does not mean the automatic invalidity of State measures.'* California v. Zook, 336 U.S. 725, 730 (1949). To hold that a state statute identical in purpose with a federal statute is invalid under the Supremacy Clause, we must be able to conclude that the purpose of the federal statute would to some extent be frustrated by the state statute. We can reach no such conclusion here." (emphasis ours)

Obviously, the purpose of the federal statute in the copyright area is in no way frustrated, but is rather enlarged to better protect the owners of this property interest from piracy. The state and federal statutes are, therefore, not in conflict, and no conflict between them should be presumed.

D. CONCLUSION

The *amicus curiae* respectfully submits that California's Penal Statute is aimed simply at prevention of theft of personal property in the form of preserved performances on records and tapes. Since the state statute complements rather than conflicts with the federal policy of fairness in a competitive system and affords protection to legitimate property rights of its citizens, the judgment below should be affirmed.

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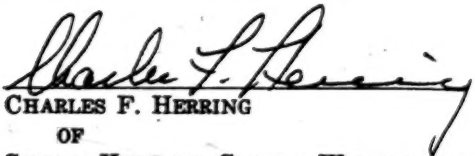

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APPENDIX 1

Art. 1137r. Reproduction for sale, or sale or offer for sale, of a sound recording without the owner's consent.

Section 1. As used in this Act, "owner" means the owner of the master recording, master disc, master tape, master film, or other device used for reproducing recorded sound on a phonograph record, disc, tape, film or other material on which sound is recorded and from which the transferred recorded sound is directly or indirectly derived.

Sec. 2. A person commits a misdemeanor punishable by a fine not to exceed $2,000 if he:

(1) knowingly reproduces for sale any sound recording without the written consent of the owner of the original recording; or

(2) sells or offers for sale any sound recording that he knows has been reproduced without the written consent of the owner of the original recording.

Sec. 3. A second offense under this Act shall be a felony punishable by a fine of not more than $25,000, or imprisonment for not more than five years, or both.

Sec. 4. The provisions of this Act shall not apply to any fees due ASCAP.

Acts 1971, 62nd Leg., p. 2730, ch. 890, eff. Aug. 30, 1971.

APPENDIX 2

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CRAWFORD C. MARTIN
ATTORNEY GENERAL

April 3, 1972

Honorable W. T. McDonald, Jr.
County Attorney
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Opinion No. M-1114

Re: Whether Art. 1137r, Sec. 1-4, Vernon's Penal Code, prohibiting the reproduction for sale of sound recordings without the original owner's consent is unconstitutional as in conflict with the Copyright Clause, Art. I, Sec. 8, Cl. 8, United States Constitution, and the implementing federal statutes, 17 USC §§ 1-215, the Copyright Act.

Dear Mr. McDonald:

You have asked us for an opinion as to whether Art. 1137r, Sections 1-4, Vernon's Penal Code, prohibiting the reproduction of sound recordings without the original owner's consent is unconstitutional as in conflict with the Copyright Clause, Article I, Section 8, Clause 8, United States Constitution, and the implementing federal statutes, 17 USC §§ 1-215, the Copyright Act. In this connection we have carefully examined the materials forwarded with the opinion request which raise the issue of whether the preemption doctrine applied in the companion landmark decisions of the United States Supreme Court in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v.*

Day-Brite Lighting, Inc., 376 U.S. 234 (1964) precludes the States from enacting statutes proscribing the duplication of uncopyrighted material. Also as you point out, we note that on October 15, 1971, effective four (4) months after enactment, the 92nd Congress of the United States, through a series of amendments to the Copyright Act, provided a limited prospective protection to owners of original sound recordings in Public Law 92-140 (S.646).[1]

The magnitude of the problem involved which prompted the federal legislation is described in House Report (Judiciary Committee) No. 92-487, dated October 4, 1971, on Public Law 92-140, as follows:

> "The attention of the Committee has been directed to the widespread unauthorized reproduction of phonograph records and tapes. While it is difficult to establish the exact volume or dollar value of current piracy activity, it is estimated by reliable trade sources that the annual volume of such piracy is now in excess of $100 million. It has been estimated that legitimate prerecorded tape sales have an annual value of approximately $300 million. The pirating of records and tapes is not only depriving legitimate manufacturers of substantial income, but of equal importance is denying performing artists and musicians of royalties and contributions to pension and welfare funds and Federal and State governments are losing tax revenues."[2]

The desire to attack this abuse no doubt moved the 62nd Legislature of the State of Texas to enact Art. 1137r, Sections 1-4, Vernon's Penal Code, prohibiting the "piracy" of sound recordings.

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[1]1971 U.S. Code Cong. & Adm. News Pamph. No. 9, pp. 2469-2471.

[2]1971 U.S. Code Cong. & Adm. News Pamph. No. 9, p. 2551.

Initially, it is to be presumed that a duly enacted statute of the State of Texas is valid against objection on constitutional grounds. 12 Tex. Jur. 2d, Const. Law, Sec. 42, pp. 385-386:

> ". . . a statute will not be declared constitutional for the mere reason that it has been enacted by the legislature, it is presumed that the legislature has acted within its powers, and a duly enacted statute is presumed to be constitutional. And if there could be a state of facts justifying the legislative action, it is presumed that such a state of facts exist."

Likewise, the Supreme Court of the United States has emphasized that ". . . this Court's decisions . . . enjoin(s) seeking out conflicts between state and federal regulation where none clearly exists." *Huron Portland Cement Co. v. City of Detroit*, 362 U.S. 440, 446 (1960). A clear showing of conflict is required. As stated in *Schwartz v. State of Texas*, 344 U.S. 199, 203 (1952), the rule is that:

> " 'It should never be held that Congress intends to supersede, or by its legislation suspend, the exercise of the police powers of the states, even when it may do so, unless its purpose to effect that result is clearly manifested.' *Reid v. State of Colorado*, 187 U.S. 137, 148, 23 S. Ct. 92, 96, 47 L.Ed 108."

In *Florida Lime and Avocado Growers, Inc. v. Paul*, 373 U.S. 132, 142 (1963) the court held:

> "The test of whether both federal and state regulations may operate, or the state regulation must give way, is *whether both regulations can be enforced without impairing the federal superintendence of the field*, not whether they are aimed at similar or different objectives.
>
> "The principle to be derived from our decisions is that federal regulation of a field of commerce

should not be deemed preemptive of state regulatory power in the absence of persuasive reasons—either that the nature of the regulated subject matter permits no other conclusion, or that the Congress has unmistakably so ordained. See, e.g., *Huron Portland Cement Co. v. Detroit*, Supra." (Emphasis supplied)

Further in Colorado *Anti-Discrim. Comm. v. Continental Air Lines*, 372 U.S. 714, 721 (1963), the Supreme Court, in ruling on the validity of a state statute under the Supremacy Doctrine, held:

> "... *that the mere 'fact of identity does not mean the automatic invalidity of State measures'. California v. Zook*, 336 U.S. 725, 730 (1949). To hold that a state statute identical in purpose with a federal statute is invalid under the Supremacy Clause, we must be able to conclude that the purpose of the federal statute would to some extent be frustrated by the state statute. We can reach no such conclusion here." (Emphasis supplied)

It is noteworthy that the Judiciary Committee Report on Public Law 92-140, referred to above, while mentioning the preemption argument concerning the "... jurisdiction of States to adopt legislation specifically aimed at the elimination of record and tape piracy ...", expressly refused to express an "... opinion concerning this legal question, ..."[3] Hence, it can hardly be contended from the legislative history of Public Law 92-140 that Congress clearly intended to supersede existing state statutes on this subject matter.

Our research fails to reveal any case which makes the doctrine of the *Sears* and *Compco* cases applicable to the piracy of sound recordings. To the contrary, we find that the courts of California, Illinois, New York

[3]1971 U.S. Code Cong. & Adm. News Pamph. No. 9, p. 2552.

and North Carolina have specifically rejected this application in upholding state statutes prohibiting the "piracy" of sound recordings. See *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 82 Cal. 798 (1969), 40 ALR 3d 553; *Capitol Records, Inc. v. Greatest Records, Inc.*, 43 Misc. 2d 878, 252 N.Y.S. 2d 553 (Sup. Ct. 1964); *Columbia Broadcasting System v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 248 N.Y.S. 2d 809 (Sup. Ct. 1964); *Capitol Records, Inc. v. Spies*, 264 N.E. 2d 874 (Ill. App. 1970); *Liberty/UA Inc. v. Eastern Tape Corp.*, Superior Court of Mecklenburg County, No. 70-CVS-15018 (Jan. 6, 1971).

An excellent discussion of this question is contained in the three judge court's opinion in *Tape Industries Association of America v. Younger*, 316 F. Supp. 340 (C.D. Calif. 1970), appeal dism. 401 U.S. 902 (1971). Therein plaintiffs sued to enjoin the enforcement of the California "tape piracy" statute, Penal Code, Sec. 653h (1968)*:

> "Plaintiffs contend that the so-called "tape piracy' law of California, Penal Code, Section 653h (1968) is in conflict with the Copyright Clause of the United States Constitution, Art. I, Sec. 8, Cl. 8, and the implementing Federal copyright statutes, 17 USC §§ 1-215." (316 F. Supp. at 341-342).

---

*"§653h. *Transfer of recorded sounds for unlawful use; sale*
(a) Every person is guilty of a misdemeanor who:

(1) Knowingly and willfully transfers or causes to be transferred any sound recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with intent to sell or cause to be sold, or to use or cause to be used for profit through public performance, such article on which such sounds are so transferred, without the consent of the owner.

(2) Sells any such article with the knowledge that the sounds thereon have been so transferred without the consent of the owner."

The court distinguished *Columbia Broadcasting System v. DeCosta*, 377 F2d 315 (1st Cir 1967), *Cable Vision, Inc. v. KUTV, Inc.*, 335 F2d 348 (9th Cir. 1964), *Smith v. Chanel, Inc.*, 402 F2d 562 (9th Cir. 1968) and the *Sears* and *Compco* cases, supra, on the basis that:

> "In contrast, plaintiffs in the instant case do not imitate the product of the record companies. They actually take and appropriate the product itself—the sounds recorded on the albums—and commercially exploit the product." (316 F. Supp at 350)

The *Sears* and *Compco* cases, supra, involved suits for damages and injunctive relief under the Illinois "unfair competition" statute with respect to the copying of designs for lighting fixtures which were either unpatentable or unpatented. In this situation the Supreme Court held that the Illinois statute could not be applied constitutionally to prevent the copying of these designs even though the products were virtually identical. However, the Supreme Court expressly reserved to the States the right to prohibit practices such as here involved. In the *Compco* case, the Supreme Court specifically restricted its ruling as follows:

> "As we have said in Sears, while the federal patent laws prevent a State from prohibiting the the copying and selling of unpatented articles, they do not stand in the way of state law, statutory or decisional, which requires those who make and sell copies to take precautions to identify their products as their own. A State of course has power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original."

An appropriate area for State legislation was found to exist by the three judge court in the *Tape Industries*

case, supra, which was not precluded by the *Sears* and *Compco* decisions. At page 351 of the opinion the Court held:

> "Undoubtedly, tape pirates are costing legitimate and authorized tape producers substantial amounts of money, and the State of California has properly and reasonably concluded that these parasitic tape pirates must be controlled. Regardless of whether Calif. P.C. §653h (1968) is deemed a larceny statute or an unfair competition law, *it is clear that the California Legislature is not precluded by the Federal Copyright laws from prohibiting the activities of tape pirates.* Nor should we intervene in the legitimate enforcement of the statutorily expressed desires of the California Legislature by the authorized prosecution officials who are the defendants." (Emphasis supplied.)

Recently, on February 29, 1972, in Civil Action No. 3-5536-A, styled *Independent Tape Merchant's Association v. Crawford Martin, et, al.*, filed in the United States District Court for the Northern District of Texas, a suit similar to the *Tape Industries* case, to enjoin the enforcement of Art. 1137r, Vernon's Penal Code, was dismissed by the court on the finding that:

> ". . . this Court should not interfere with the state criminal court's enforcement of state law under the circumstances as set forth by plaintiff in this action, . . . "

Finally, it should be observed that while the situation under the Patent Act, 35 USC §§ 1-293, is one of either protection or no protection, a different situation is presented by the Copyright Act, 17 USC 1-215, even as amended, in that under §2 of the Act provision is made for protection of so-called "common law"

copyrights.[5] The weight of authority is that the giving of a performance and the sale of a recording does not constitute publication, *Columbia Broadcasting Systems, Inc. v. Documentaries Unlimited, Inc.*, supra (news reports), *Metropolitan Opera Association, Inc., v. Wagner Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S. 2d 483 (Sup. Ct. 1950), aff'd., 279 App. Div. 732, 107 N.Y.S. 2d 795 (1951) (opera broadcasts); from other "masters", *Capitol Records, Inc. v. Mercury Records Corp.*, 109 F. Supp. 330 (S.D.N.Y. 1952); *RCA v. Premier Albums Inc.*, 19 App. Div. 2d 62, 240 N.Y.S. 2d 995 (1963); from phonograph records sold to the public, *Capitol Records, Inc. v. Greatest Records, Inc.* supra; *Capitol Records, Inc. v. Erickson*, supra; *Capitol Records, Inc. v. Spies*, supra; *Liberty/UA Inc. v. Eastern Tape Corp.*, supra; *Geiseking v. Urania Records, Inc.*, 17 Misc. 2d 1034, 155 N.Y.S. 2d 171 (Sup. Ct. 1956).

The opposite view is taken in *Granz v. Harris*, 98 F. Supp. 906 (S.D.N.Y. 1951); *McIntyre v. Double A. Music Co.*, 166 F. Supp. 681 (C.D. Cal. 1958); *Mills Music v. Cromwell Music Co.*, 126 F. Supp. 54 (S.D. N.Y. 1954); *Shapiro, Bernstein & Co. v. Miracle Record Co.*, 91 F. Supp. 473 (N.D. Ill. 1950). It is respectfully submitted that these cases are cited because they erroneously fail to recognize the distinction between "copying" and "appropriating". Here we are not concerned with a situation where the recordings are being imitated but rather the actual sounds, the performance itself, is being appropriated. Each of

[5]"Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at the common law or in equity, to prevent the copying, publishing, or use of such unpublished work without his consent, and to obtain damages therefor."

the cases cited above rely on *RCA Manufacturing Co. v. Whitman*, 114 F2d 86 (2nd Cir. 1940) for their result. However, this case was expressly overruled in *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F2d 657 (2nd Cir. 1955). Therein at page 663 the Court held:

> "Our conclusion is that the quoted statement from the *RCA* case is not the law of the State of New York.
>
> "Since its decision the New York courts have had close contact with the question in *Metropolitan Opera Assn. v. Wagner Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S. 2d 483, Id., 279 App. Div. 632, 107 N.Y.S. 2d 795. We believe that the inescapable result of that case is that, where the originator, or the assignee of the originator, of records of performances by musical artists puts those records on public sale, his act does not constitute a dedication of the right to copy and sell the records."

A very excellent annotation is contained in 40 ALR 3d 553, following *Capitol Records, Inc. v. Erickson*, supra, which may be referred to for a rather more extensive treatment of this whole subject. Noteworthy is the citation in the court's opinion in the *Erickson* case, 40 ALR 3d at 561, to *Pottstown Daily News Publishing Co. v. Pottstown Broadcasting Co.*, 411 Pa. 383, 192 A2d 657, 662 (1963) which holds that while unfair competition law originally related to "palming off" of one's goods as those of another, "In recent years its scope has been extended. It has been held to apply to misappropriation as well as misrepresentation", quoting from *A.L.A. Schechter Poultry Corp. v. United States*, 295 U.S. 495, 531-532 (1935).

The courts of the State of Texas have apparently long recognized the distinction between copying and

appropriation. In *Gilmore v. Sammons*, 269 SW 861 (Tex. Civ. App. 1925, writ dism.), it was held that appropriation of news items by a competitor constituted unfair competition under the doctrine of *International News Service v. Associated Press*, 248 U.S. 215 (1918). On the other hand the simulation of a sporting event broadcast by a non-competitor to the original broadcaster was found not to constitute unfair competition, and the *Gilmore* case, supra, was distinguished. See *Loeb v. Turner*, 257 SW2d 800 (Tex. Civ. App. 1953, no writ).

In conclusion, our opinion is that by the enactment of Article 1137r, the 62nd Legislature has done no more than the California Legislature did in its passage of § 653h, P.C. and such constitutes the adoption of either an unfair competition law or a theft statute which has been held in the *Tape Industries* case, supra, to constitute a valid exercise of the State's legislative powers and not to constitute any undue interference or conflict with the federal copyright policy devised pursuant to the Constitutional authority of Congress in the Copyright Act, 17 USC §§ 1-215.

SUMMARY

It is our opinion that Article 1137r, Vernon's Penal Code, is valid and is not in conflict with Art. I, Sec. 8, Cl. 8, United States Constitution, or the Copyright Clause, and the implementing federal statutes, 17 USC §§ 1-215, the Copyright Act.

Very truly yours,

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IN THE

Supreme Court of the United States

October Term, 1971
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,
Petitioners,

vs.

THE STATE OF CALIFORNIA,
Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

BRIEF OF RESPONDENT.

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IN THE

Supreme Court of the United States

October Term, 1971
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,
Petitioners,

vs.

THE STATE OF CALIFORNIA,
Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

BRIEF OF RESPONDENT.

Questions Presented.

The only question before this Court is whether the State of California has the power to proscribe and criminally punish the piracy of sound recordings which were fixed prior to February 15, 1972 and which are therefore not eligible for federal copyright.[1]

The ten counts of unauthorized duplication of recordings for which petitioners were convicted[2] occurred

[1]Pub. L. No. 92-140, 85 Stat. 391 (1971) makes federal copyright protection available for sound recordings, "fixed, published and copyrighted" on or after February 15, 1972. See the definition of "fixed" in amended Regulations of the Copyright Office 37 C.F.R. §202.15a(b) published in 37 Fed. Reg. 3055 (Feb. 11, 1972).

[2]Appendix at 15-22, 27-28.

prior to the President's approval of Public Law No. 92-140 on October 15, 1972. Accordingly, the recordings petitioners duplicated are not subject to federal protection. Section 2 of the California statute which proscribes record piracy makes that statute fully severable. There is, therefore, no question or issue in this case of concurrent or overlapping state and federal protection of sound recordings, or of concurrent state and federal criminal penalties for the same act of duplication.

Statutes Involved.

This case involves the following statutes of the United States and the State of California:

1. Section 2 of the Copyright Act, 17 U.S.C. §2 (1970) which is set out verbatim as Exhibit "1" to this brief;

2. Cal. Stats. 1968 Ch. 585, Sections 1 and 2, which add Section 653h to the California Penal Code and provide for the complete severability of that section, which is set out verbatim as Exhibit "2" to this brief; and

3. Pub. L. No. 92-140, 85 Stat. 391 (1971), which is set out verbatim as Exhibit "3" to this brief.

Nine other states—Arizona, Arkansas, Florida, Louisiana, New York, Pennsylvania, Tennessee, Texas and Virginia—have enacted statutes which proscribe record piracy.[3]

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[3]Ariz. Rev Stat. Ann. §13-1024 (1971); Ark. Stat. Ann. §41-4617 (1971); Fla. Stat. Ann. §543.041 (1971); La. Rev. Stat. Ann. 14:—(Act 350, July 13, 1972); N.Y. Gen. Bus. Law §561 (McKinney 1968); Pa. Stat. tit. 18, §4878.1 (1971); Tenn. Code Ann. §§39-4244 to 39-4250 (1971); Tex. Pen. Code Ann. art. 1137r (1971); Va. Code Ann. §§59.1-41.1 to 59.1-41.6 (1972).

Statement of the Case.

Petitioners are commercial tape pirates.[4] Petitioners' "business" is the commercial manufacture and sale of prerecorded magnetic tapes ("tapes") which petitioners have electronically duplicated from phonograph records and tapes which were produced, manufactured and sold by legitimate record companies.

Petitioners were charged in a verified complaint filed in the Municipal Court of the Los Angeles Judicial District on March 22, 1971, with having committed, on March 3, 1971, violations of Section 653h of the Penal Code of the State of California (set out in Exhibit "2" to this brief), a misdemeanor. (Appendix at 1.)

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[4]Piracy long ago became the common term to describe the conduct for which petitioners were convicted. See: *Aeolian Co. v. Royal Music Roll Co.*, 196 F. 926 (W.D.N.Y. 1912); *Shapiro, Bernstein & Co. v. Remington Records, Inc.*, 265 F.2d 263, 269, 273 (2d Cir. 1959); *Tape Industries Ass'n. of America v. Younger*, 316 F.Supp. 340, 351 (C.D. Cal. 1970), *appeal dism'd.*, 401 U.S. 902 (1971), *appeal pending*, Ct. App. 9th Cir., No. 26,628; *Capitol Records, Inc. v. Erickson*, 2 Cal.App.3d 526, 528 n. 2, 82 Cal. Rptr. 798, 799 n. 2 (1969), *cert. denied*, 398 U.S. 960 (1970); *Capitol Records, Inc. v. Spies*, 130 Ill.App. 429, 264 N.E.2d 874, 877 (1970); *Liberty/UA, Inc. v. Eastern Tape Corp.*, 11 N.C.App. 20, 180 S.E.2d 414, 416-18, *appeal dism'd.*, 278 N.C. 702, 181 S.E.2d 600 (1971); see Note, *Piracy on Records*, 5 Stan.L.Rev. 433 (1953). "Tape Piracy" refers to the unlawful duplication of recorded performances from phonograph records onto magnetic tapes. "Record Piracy" refers to the unauthorized duplication of such recorded performances onto phonograph records. The seriousness and magnitude of the depredations of the tape and record pirates and the disastrous economic effect which they are having on all segments of the legitimate music and recording industries have been the subject of much recent comment in the public press. See, e.g., Los Angeles Times, July 20, 1971, Part II, at 1, col. 3; "Marketing: Revolutionary War", *Time*, June 28, 1971, at 72; "The $100-million market in bootleg tapes", *Business Week*, May 15, 1971, at 132-38; Los Angeles Times, February 28, 1970, at 1, col. 1; Livingstone, "Piracy in the Record Industry", *Stereo Review*, February 1970, at 60; and Weber, "Piracy on High C's", *California Business*, March 3, 1970, at 3.

On March 29, 1971, petitioners were duly arraigned, entered a plea of not guilty and requested a jury trial. On June 28, 1971, petitioners withdrew their plea of not guilty and entered pleas of nolo contendere to ten counts of the 140 count complaint charging violations of Section 653h of the California Penal Code. Petitioners were convicted upon the plea and the remaining 130 counts of the complaint were dismissed on the People's motion.

As to Count 1, petitioner Donald Koven was sentenced to six months in the County Jail, petitioner Ruth Koven was sentenced to 90 days in the County Jail, and petitioner Donald Goldstein was sentenced to 60 days in the County Jail. Sentence was suspended and petitioners were given summary probation for three years. Petitioners Donald and Ruth Kovan, under the terms of the probation, were fined $500 each, and Donald Goldstein was fined $100. Sentence on Counts 2 through 10, inclusive, was a $500 fine or 100 days in the County Jail, but sentence was suspended. The other terms of the probation were that petitioners refrain from duplicating or entering into any relationship that engages in the activity of duplicating sound recordings without the consent of the owner of the original master recording. (Appendix at 2-11.)

The Appellate Department of the Superior Court for Los Angeles County affirmed the judgment and certified the case to the Court of Appeal of the State of California, Second Appellate District. (Appendix at 14.) On December 17, 1971, the Court of Appeal filed an order denying the transfer of the case to that court. (Appendix at 15.) From that decision petitioners have come to this Court on a petition for writ of certiorari. This Court granted said petition on May 30, 1972.

The Appendix[5] contains a brief description of petitioners' method of duplicating records and tapes manufactured by legitimate record companies. A photograph of four of the pirate tape cartridges manufactured by petitioners is annexed as Exhibit "4" to this brief. A much more detailed description of petitioners' duplicating methods and an explanation of the costs of producing records which the legitimate industry incurs, and which petitioners and other tape and record pirates avoid, is contained in the Record on Appeal in *Tape Industries Association of America v. Younger,* 316 F. Supp. 340 (C.D. Cal. 1970), *appeal dism'd.,* 401 U.S. 902 (1971), *appeal pending,* Ct. App. 9th Cir., No. 26,628 (hereinafter referred to as *"TIAA v. Younger"*). Petitioners concede that petitioner Koven is one of the plaintiffs in *TIAA v. Younger.*[6] Additional evidence of the substantial financial losses which recording artists, musicians, union pension and trust funds and legitimate record companies, wholesalers and retailers suffer as a result of record and tape piracy, as well as evidence of the intangible harm which performers suffer as a result of the poor quality of pirated tapes, was presented to the District Court for the District of Utah by uncontradiced affidavits in *Tape Head Co. v. RCA Corp.,* 452 F.2d 816 (10th Cir. 1971).[7]

In order that this Court may be aware of the manner in which petitioners and other tape and record pirates

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[5]Statements of Miss Josephine Joy Friedland and Miss Celeste Lorraine Aviles at 41-44.

[6]Brief of Petitioners at 4 n. 3.

[7]In that opinion the court of appeals stayed pending appeal a preliminary injunction which the district court had issued at the behest of certain record pirates, purportedly acting on behalf of all pirates as a class, restraining several record companies from suing

(This footnote is continued on next page)

operate, of the substantial economic advantage which they enjoy because of the production costs and royalties which they avoid paying, and of the widespread and substantial injury which piracy is causing all segments of the legitimate record and music industry, respondent is filing, as a separately bound supplement to this brief, portions of the Records on Appeal in *TIAA v. Younger*[8] and in *Tape Head Co. v. RCA Corp.*[9]

Summary of Argument.

Petitioners are asking this Court to obliterate three-quarters of a century of consensus among courts, legislators and practitioners that recordings fixed prior to February 15, 1972 are protectible by state law against unauthorized duplication and to decree the forfeiture of a great body of artistic property. The victims of this forfeiture will not only be the record companies whose invested capital created and popularized the recordings, but will include the great symphony orchestras and operas of the world, the great classical artists who have worked lifetimes to perfect the artistry

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record and tape pirates in state courts. A few days after the court of appeals stayed the injunction, the injunction was vacated by the district court on motion of plaintiffs. After the appeal had been docketed and briefed but prior to argument, the action was dismissed in the district court and the court of appeals.

[8]Part of the Joint Pre-Trial Conference Statement, a stipulation of facts, an affidavit of the controller of a record company, and the testimony of the controller of another record company.

[9]Affidavits of Walter L. Dean, Executive Vice President of CBS Records, Rocco M. Laginestra, President of RCA Records, Paul M. Wolsk, an attorney for Ampex Corp., Sanford I. Wolff, National Executive Secretary of the American Federation of Television and Radio Artists (AFL-CIO), Henry Kaiser, General Counsel of the American Federation of Musicians, Kenneth E. Raine, Trustee for the Music Performance Trust Funds, Paul Simon, a leading recording artist and Jack Grossman, President of the National Association of Record Merchandisers.

embodied in their recordings, the popular recording stars whose professional careers are typically all too short, and the working musicians who are the beneficiaries of union pension and trust funds, all of whom have contractual rights to receive payments from the sale of records and tapes by the record companies, but receive nothing from the sale of records and tapes by petitioners and other pirates. The beneficiaries of this forfeiture will not be the public or any of the composers, performers, musicians or technicians whose skill has made the recordings possible, but only a parasitic group of record pirates who create nothing, who add nothing to the store of human culture and knowledge, and who live off the artistry, work and invested capital of others.

Section 653h of the California Penal Code is a valid exercise of the state police power. Section 653h is a larceny statute enacted by California as a legitimate answer to a serious problem which advancing technology has posed to the state and its citizens.

Petitioners' arguments against the validity of Section 653h of the California Penal Code are based on the supposed conflict of that section with federal law. But petitioners have ignored the history which forms the consensus that state law has always protected recordings against unauthorized duplication. Petitioners have also ignored the fact that when Congress enacted Public Law No. 92-140 to provide federal protection for sound recordings fixed after February 15, 1972, in section 3 of that Act Congress expressly recognized state law rights in existing recordings and mandated that recordings fixed prior to February 15, 1972 remain protectible under state law against unauthorized duplication. The Congress has thereby obviated the need

for this Court to consider petitioners' arguments of federal-state conflict or federal pre-emption, and the effectuation of the congressional will expressed in Public Law No. 92-140 requires upholding the validity of Section 653h and affirming the judgment below.

There is no conflict between the California statute and the Constitution of the United States, any federal statute or any decision of this Court. Nor is there any issue in this case of concurrent or conflicting federal and state regulation.

Preservation of the power of the states to protect recordings fixed prior to February 15, 1972 against piracy will not promote monopoly. To the contrary, record piracy is fundamentally anti-competitive and contrary to all considerations of sound policy. There are no economic, social or legal policy reasons which support abrogation of the power of the states to protect against piracy of recordings fixed prior to the availability of federal protection.

ARGUMENT.

I.

Section 653h of the California Penal Code Is a Valid Exercise of the State Police Power.

The sovereignty of the state is most inherently reflected in the exercise of its police power. This power derives its existence from the rule that safety of the people is the supreme law, which justifies legislation upon matters pertaining to public welfare, public health or public morals. The police power of a state is a constantly changing power to meet changing conditions that confront a growing society.

The power to enact legislation is vested in the Legislature of the State of California, Cal. Const., Article IV, §1, with the people reserving to themselves the power to propose laws and amendments to the Constitution and to adopt or reject the same at the polls independent of the Legislature.

In *Chicago B. & Q. Ry. v. Illinois,* 200 U.S. 561 (1905), this Court in defining the police power, stated:

> "We hold that the police power of a state embraces regulations designed to promote the public convenience or the general prosperity, as well as regulations designed to promote the public health, the public morals, or the public safety." 200 U.S. at 592.

In 1850 the California Legislature enacted its first Crimes and Punishments Act (Stats. 1850 Ch. 99, §§60 and 61), with sections for both grand and petit larceny. This Act was basically a restatement of the common law crimes.

California has attracted people for various reasons. Initially, they came to develop the land. Later they came in search of gold, and now California businesses are the focal point. California penal statutes reflect the interest of the state in protecting the property rights of those who are adding to the state's development and growth. In 1872 it was considered grand larceny for one to take a horse, pig, sheep or other animals that were closely associated with farming. (Cal. Penal Code §487 (West 1970)). When the mining of gold became an important industry in California a grand theft statute was enacted to proscribe the stealing and taking away "from any mining claim . . . another's gold dust, amalgam, or quicksilver . . . ." (Cal. Penal Code §487d (West 1970)). In 1939 California Penal Code §487 was amended to add 'avocados, citrus, or deciduous fruits, nuts and artichokes". This 1939 addition to the Penal Code reflected the state's interest in protecting the agrarian community from theft of its work product.

Throughout the history of California as new businesses developed and items became available on the open market, laws were enacted to protect both the consumer and the producer from acts of larceny. Throughout the California Penal Code there are sections which proscribe larceny of specific types of property: labor of another (§487), dogs (§§487f, 487g), passage tickets (§493), alteration or obstruction of a meter for the evasion of payment for gas (§498) or water (§499), obtaining electricity without passage through a meter (§499a), taking of an automobile, bicycle, motorcycle, or boat for temporary use (§499b), trade secrets (§499c), taking or operating an aircraft without consent of the owner (§499d), and obtaining telephone or telegraph service with intent

to defraud (§502.7). The crime of larceny is not only defined in the Penal Code but also in other California codes. The Insurance Code, for example, categorizes conversion of funds received by an insurance agent in the same classification as embezzlement. (Cal. Insurance Code §1733 (West 1972)). The foregoing is only a partial list of specific code sections that were enacted as the need for protection against larcenous acts arose.

The nature of the police power is not static but must accommodate itself to meet new evils as they arise and to correct wrongs arising from new activities by bringing the wrong within the immutable and unchanging principles underlying the power.

Between 1967 and 1969 California found it necessary, under its police powers, to enact legislation against the theft of credit cards (Cal. Penal Code §§484d-484i (West 1970)). Section 484i(b) of the California Penal Code specifically deals with a person "who with intent to defraud possesses, with knowledge of its character, machinery, plates or any other contrivance designed for, and made use of in, the reproduction of instruments purporting to be the credit cards . . ." Sections 484d-484i are an example of the state's responding to a kind of theft that did not exist ten years before enactment of those sections.

Just as other theft statutes were enacted throughout the development of California law to proscribe evils as they arose, Section 653h of the California Penal Code was enacted to proscribe the larcenous appropriation of "sounds recorded on a phonograph record, disc, wire, tape . . . with intent to sell . . . for profit . . . without the consent of the owner [of the master recording]."

California is a world center of the music and recording industries. The Los Angeles area alone is the home

of many musicians, composers and performers and headquarters for a number of record companies. The California Legislature enacted Section 653h in response to the substantial financial losses suffered by recording artists, musicians, union pension and trust funds, record companies, retailers and wholesalers who receive income based on the sale of phonograph records and prerecorded tapes manufactured by legitimate record companies, and the substantial intangible harm suffered by performers whose reputations have been damaged by the poor quality of pirate tapes. In addition, the state itself has lost substantial tax revenues as a result of the clandestine operations of most tape and record pirates.[10]

California has many legitimate reasons for proscribing record and tape piracy. California residents are unjustly losing vast sums of money as a result of piracy. In order for pirate tapes to be salable petitioners and other pirates must inform the public that the pirate tapes contain the exact original performance by the same artist embodied on the recordings from which those tapes have been pirated. The pirate tapes which petitioners and all other tape pirates make and sell are for this reason labeled with the name of the artist and the title given to the album by the legitimate record company.[11] By using the artist's name,

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[10]For an example of the clandestine nature of the operations of tape and record pirates, see *Duchess Music Corp. v. Stern*, 331 F.2d 127, 128 (D. Ariz. 1971), *rev'd.*, 458 F.2d 1305 (9th Cir. 1972), *petition for cert. filed sub nom. Rosner v. Duchess Music Corp.*, No. 71-1551. The record in that case shows that the pirate manufacturing operation had furtively moved form Los Angeles to Phoenix.

[11]Appendix at 41-42; *TIAA v. Younger, supra*, 316 F. Supp. 340, 342-43; *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 537, 82 Cal.Rptr. 798, 805-06 (1969), *cert. denied*, 398 U.S. 960 (1970).

the titles of his performances and those performances on their pirate product, the pirate has placed the artist in competition with himself. (See Exhibit "4" hereto, photograph of pirate tape cartridges). Petitioners thereby damage legitimate state interests and violate California law in two additional respects: they unlawfully appropriate the title of the recorded performances, *Jackson v. Universal International Pictures, Inc.*, 36 Cal. 2d 116, 222 P.2d 433 (1950) and they unlawfully use the names of performers for commercial purposes in violation of the rights of the performers and of the record companies which have by contract acquired those rights in connection with the sale of phonograph records, *Fairfield v. American Photocopy Equipment Co.*, 138 Cal. App. 2d 82, 291 P.2d 194 (1955); see *Capitol Records, Inc. v. Erickson, supra*, 2 Cal. App. 3d at 538, 82 Cal. Rptr. at 806; *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816 (1953); *Ettore v. Philco Television Broadcasting Corp.*, 229 F.2d 481 (3d Cir.), *cert. denied*, 351 U.S. 926 (1956).

The California legislation is presumptively a valid exercise of the state police power. *Goldblatt v. Hempstead*, 369 U.S. 590, 596 (1962); *Florida Lime & Avocado Growers, Inc. v. Paul*, 373 U.S. 132 (1963).

In *Huron Portland Cement Co. v. Detroit*, 362 U.S. 440, 446 (1960) this Court stated that the "teaching of this Court's decisions . . . enjoin seeking out conflicts between state and federal regulation where none clearly exists." A clear manifestation of a conflict between the state and federal regulation is required. In *Schwartz v. Texas*, 344 U.S. 199, 203 (1952), this Court stated:

> " 'It should never be held that Congress intends to supersede or by its legislation suspend the ex-

ercise of the police powers of the States, even when it may do so, unless its purpose to effect that result is clearly manifested.' Reid v. Colorado, 187 U.S. 137, 148, 47 L. ed. 108, 114, 23 S.Ct. 92."

In *Florida Lime & Avocado Growers, Inc. v. Paul, supra,* this Court held:

"The test of whether both federal and state regulations may operate, or the state regulation must give way, is *whether both regulations can be enforced without impairing the federal superintendence of the field,* not whether they are aimed at similar or different objectives.

"The principle to be derived from our decisions is that federal regulation of a field of commerce should not be deemed preemptive of state regulatory power in the absence of persuasive reasons—either that the nature of the regulated subject matter permits no other conclusion, or that the Congress has unmistakably so ordained. See, e.g., *Huron Portland Cement Co. v. Detroit,* 362 U.S. 440 . . . ." 373 U.S. at 142 (Emphasis added).

Further, in *Colorado Anti-Discrimination Comm. v. Continental Air Lines, Inc.,* 372 U.S. 714 (1963), this Court, in ruling on the validity of a state statute under the Supremacy Clause, held:

". . . *that the mere 'fact of identity does not mean the automatic invalidity of state measures.'* [Quoting *California v. Zook,* 336 U.S. 725, 730 (1949).] To hold that a state statute . . . is invalid under the Supremacy Clause, we must be able to conclude that the purpose of the federal statute would to some extent be frustrated by the state statute. We can reach no such conclusion here." 372 U.S. at 722 (Emphasis added).

In *Goldblatt v. Hempstead*, 369 U.S. 590, 596 (1962), this Court stated that "the exercise of police power will be upheld if any state of facts either known or which could be reasonably assumed affords support for it . . . ."

It has long been settled that "[o]f course, an act may be criminal under the laws of both jurisdictions [the United States and a state]". *Westfall v. United States*, 274 U.S. 256, 258 (1927) (Congress could make it a federal crime to aid and abet an official of a state bank which belonged to the Federal Reserve System to misapply funds of the bank, even though the same acts were a crime under the laws of the state).

In *California v. Zook*, 336 U.S. 725 (1949), this Court upheld a California statute which prohibited the arrangement of transportation over the public highways of California if the transporting carrier had no permit from the Interstate Commerce Commission. The federal Motor Carrier Act had substantially the same provision. 336 U.S. at 726-27. This Court held that the fact that a state law may be identical to a federal statute does not "automatically" make the state law invalid. 336 U.S. at 732. In the course of its opinion this Court pointed to a host of situations in which the states may validly impose criminal sanctions on the same conduct which is federally regulated and which Congress has made a crime.

In *Bartkus v. Illinois*, 359 U.S. 121 (1959), this Court held that the state could prosecute and convict defendant under state law for the same bank robbery of which he had been acquitted in a federal prosecution for robbery of a federally insured savings and loan association.

In *Abbate v. United States*, 359 U.S. 187 (1959), this Court held that defendants, who had in Illinois conspired to dynamite facilities of an interstate telephone system in Mississippi, could be prosecuted for those acts both under the Illinois criminal conspiracy law and the federal act making it a crime to conspire to injure or destroy the property of an interstate telephone system. This Court said:

> "[N]o one would suggest that, in order to maintain the effectiveness of federal law enforcement, it is desirable completely to displace state power to prosecute crimes based on acts which might also violate federal law. This would bring about a marked change in the distribution of power to administer criminal justice, for the States under our federal system have the principal responsibility for defining and prosecuting crimes." 359 U.S. at 195.

Both *Bartkus* and *Abbate* relied on *United States v. Lanza*, 260 U.S. 377 (1922), in which this Court held that defendant could be prosecuted for the same acts of manufacturing and selling bootleg whiskey under the federal Volstead Act and under the Washington state prohibition law.

In *Roth v. United States*, 354 U.S. 476 (1957), this Court held that there was concurrent federal and state power to regulate obscenity in that Congress, under the postal power delegated to it by Article I, Section 8, Clause 7 of the Constitution, might properly make it a crime to use the mails for obscene material, and the state of California could punish the same conduct under state law even though defendant's conduct consisted of operating an interstate mail order business. 354 U.S. at 492-94.

In *Watson v. Buck*, 313 U.S. 387 (1941), this Court rejected arguments of federal preemption in the copyright field similar to those which petitioners make here, and held that the State of Florida could validly regulate the business of persons holding music copyrights and make it a crime for owners of such copyrights to combine together to fix prices or grant licenses.

The Florida statute involved in *Watson* was directed solely at "authors, composers, publishers and owners of copyrighted vocal or instrumental musical compositions who form any society . . . 'when one of the objects of such combination is the determination and fixation of license fees . . . .'" 313 U.S. at 404-05. ASCAP, the obvious target of the statute, argued that the Florida statute impaired its members' federally created rights because its members could preserve those rights better in combination than as individuals. 313 U.S. at 403-04. This Court held that the Florida statute was valid because there was nothing in the language or history of the copyright laws "to indicate any congressional purpose to deprive the states, either in whole or in part, of their long-recognized power to regulate combinations in restraint of trade." 313 U.S. at 404.

There were strong federal interests in protecting various constitutionally delegated powers of the federal government in each of the foregoing cases in which concurrent state and federal prosecution or regulation was allowed. *Westfall* and *Bartkus* involved protection of the federal monetary power; *Abbate* involved protection of facilities of interestate commerce; *Zook* involved the regulation of interstate commerce; *Roth* involved the postal power; and *Watson* involved the copyright power.

Here there is even greater reason to uphold the state statute than there was in the foregoing cases. In this case federal and state criminal proscription is *not* concurrent; to the contrary, petitioners were convicted for conduct which was not in violation of any federal statute and for the appropriation of recordings which are not subject to any federal protection. The necessity of and justification for state power is therefore greater than in the cases of concurrent federal and state power.

> "When all of the facts of the case here are considered, we are driven to the conclusion that Calif. P.C. §653h (1968) is a tolerable and permissible state regulation directed against theft and appropriation of a salable product, and does not unconstitutionally intrude on the Federal policies enunciated in the Copyright Clause, U.S. Const. art. I, §8, cl. 8, and in Federal Copyright legislation, 17 U.S.C. §§ 1-215. . . ."
>
> ". . . . Undoubtedly, tape pirates are costing legitimate and authorized tape producers substantial amounts of money, and the State of California has properly and reasonably concluded that these parasitic tape pirates must be controlled. Regardless of whether Calif. P.C. §653h (1968) is deemed a larceny statute or an un[f]air competition law, it is clear that the California Legislature is not precluded by the Copyright Clause of the Constitution or the Federal Copyright laws from prohibiting the activities of tape pirates." *TIAA v. Younger*, 316 F. Supp. at 351.

II.

Recordings Have Always Been Protectible Against Unauthorized Duplication Under State Law, and Congress Has Expressly Confirmed and Saved State Protection for Recordings Which Were Fixed Prior to February 15, 1972.

The "raw material" for a sound recording is a musical composition—words and music. Musical compositions have always been eligible for federal copyright protection under the 1909 Copyright Act.[12] Until the enactment of Pub. L. No. 92-140, 85 Stat. 391 (1971), sound recordings and the performances they reproduce were not considered to be subject to federal copyright protection and were not accepted for registration by the Copyright Office.[13] The "processing" of a musical composition into a recorded performance embodied in a "master recording" from which records and tapes are made requires the coordinated efforts and talents of a large number of persons—music arrangers, music copyists, recording artists, instrumental and vocal accompanists, record producers, engineers and technicians—and the expenditure of substantial sums of money.[14]

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[12]17 U.S.C. §§1(e), 5(e) (1970).

[13]37 C.F.R. §202.8(b) (1972); *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657, 661-62 (2d Cir. 1955). After passage of Public Law No. 92-140, the regulations of the Copyright Office were amended to implement the changes effected by that statute, including providing for the registration of sound recordings and defining "fixed". 37 Fed. Reg. 3055 (Feb. 11, 1972).

[14]The persons whose services are necessary, the process of producing "masters", and the attendant costs are set out in great detail in the parts of the Record on Appeal in *TIAA v. Younger* printed in the Supplement to this brief. In that case the costs of producing the master recording of "The Association" album

(This footnote is continued on next page)

The recordings petitioners pirated were fixed prior to February 15, 1972 and are for that reason ineligible for federal protection. The California statute which added Section 653h to the California Penal Code contains a broad severability clause, and Section 653h has not been construed by any California court to apply to recordings which would be eligible for federal protection. This case, therefore, involves *only* the power of the State of California to protect recordings which are not eligible for the new federal protection, i.e., which were fixed prior to February 15, 1972; this case does not present any issue of concurrent or conflicting state or federal protection for recordings. See *Watson v. Buck*, 313 U.S. 387, 395-97 (1941).

A. From the Beginning of the Commercial Recording Industry, the Courts Have Held That It Is Unlawful to Duplicate Recordings.

Only 25 years after Edison obtained a patent for the phonograph on February 19, 1878[15] commercial recording had become successful enough to attract pirates. Apparently the first American case to consider the problem of record piracy was *Victor Talking Mach. Co. v. Armstrong*, 132 Fed. 711 (C.C.S.D.N.Y. 1904). The defendant had made and sold records which had been pirated from disc records manu-

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which petitioners pirated was $71,000. (Transcript of testimony of Murray Gitlan at 48, line 22.) The cost of producing the master recording of the album by "Crosby, Stills and Nash" which petitioners pirated was $80,000. (Affidavit of Melvin Lewinter.) In addition to the costs of producing the master recording, Warner Bros. Records paid additional costs of $100,000 as royalties to performing artists and various union pension and welfare funds (Transcript of Gitlan at 57-58); and Atlantic Recording Company incurred costs of an additional $50,000 in royalties to the recording artist (Affidavit of Lewinter).

[15]R. Gelatt, *The Fabulous Phonograph* 22 (1st ed. 1955).

factured by the Victor Talking Machine Company. The pirate records bore labels which were similar in appearance, but by no means identical, to Victor's well known red label, and the records were in other ways similar, but not identical, in appearance to Victor's records. Defendant did not use Victor's name or Victor's "listening dog" trademark, but affixed its own name and an eagle to the label. The court readily recognized the fundamental evil of piracy—that the pirates "save themselves the expense of securing an execution of the musical piece by singer or orchestra", 132 Fed. at 712. The court enjoined the piracy, apparently on the traditional "passing off" theory of unfair competition.

Five years later in *Fonotipia Ltd. v. Bradley*, 171 Fed. 951 (C.C.E.D.N.Y. 1909)[16] the circuit court was presented with record piracy similar in many ways to modern record piracy. The defendant sold records which had been made by pirating records produced by plaintiffs but which did not imitate plaintiffs' trademark or use plaintiffs' trade name. Defendant, like modern record pirates, used the names of the performers whose records were pirated; his catalogue stated that the records he offered for sale were "all duplicates from the original records made by the artists whose names are used herein", 171 Fed. at 955. The manu-

[16]In *G. Ricordi & Co. v. Haendler*, 194 F.2d 914, 916 (2d Cir. 1952) the Court of Appeals for the Second Circuit overruled *Fonotipia* "so far as [it] might be thought to conflict with what we are holding." In view of the subsequent decision of the Court of Appeals in *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955), discussed *infra*, holding that the legality of the unauthorized duplication of phonograph records is to be determined by state law and that such duplication is tortious under the law of the State of New York, we submit that the holding and result of *Fonotipia* are presently good law in the Second Circuit.

facturer of the pirate records did business as a corporation under the name Continental Record Company and apparently concealed the location of its plant and offices and the identity of its principals. See 171 Fed. at 955 and *cf. Duchess Music Corp. v. Stern,* 331 F. Supp. 127, 128 (D. Ariz. 1971), *rev'd.,* 458 F.2d 1035 (9th Cir. 1972), *petition for cert. filed sub nom. Rosner v. Duchess Music Corp.,* No. 71-1551. The court rejected trademark imitation as a basis of decision and squarely faced the question whether the duplication of records by mechanical reproduction may be enjoined by a court of equity. 171 Fed. at 959. In an opinion which anticipated the reasoning of this Court in *International News Service v. Associated Press,* 248 U.S. 215 (1918), the court held that record piracy was the misappropriation or unfair taking of plaintiffs' property which should be enjoined by a court of equity, and the court enjoined the piracy. 171 Fed. at 961-64.

In *Aeolian Co. v. Royal Music Roll Co.,* 196 Fed. 926 (W.D.N.Y. 1912) the court held that a piano roll company which had obtained a compulsory license to make player piano rolls of performances of copyrighted musical compositions under Section 1(e) of the Copyright Act[17] did not thereby obtain the right to duplicate player piano rolls of the same musical composition which had been manufactured by its competitor. The court stated that the compulsory license did not permit defendant to "avail himself of the skill and labor of the original manufacturer of the perforated roll or record by copying or duplicating the same, but [defendant] must resort to the copyrighted [musical] composition or sheet music, and not pirate the work of a competitor

[17] 17 U.S.C. §1(e) (1970).

who has made an original perforated roll." 196 Fed at 927.[18]

In *Orient Music Roll Co.*, 2 F.T.C. 176 (1919), the Federal Trade Commission held that the manufacture of player piano rolls by means of duplicating piano rolls manufactured and sold by a competitor, *i.e.*, "player piano roll piracy", gave the pirate "an undue advantage over competitors by appropriating the results of competitors' ingenuity, labor, and expense, and thus avoiding the expense of producing . . . master rolls", 2 F.T.C. at 179, and was "an unfair method of competition in interstate commerce, in violation of the provisions of section 5" of the Federal Trade Commission Act of 1914,[19] 2 F.T.C. at 180.

After 1919, record piracy did not reach a magnitude sufficient to warrant the expense of seeking judicial relief until after the introduction and commercial success of the long playing record in the late 1940's and early 1950's. See Note, *Piracy on Records*, 5 Stan.L.Rev. 433, 434-37 (1953). In 1950 and 1951, RCA Records, Mercury Records and Capitol Records obtained several state court injunctions against pirates. *Id.* at 438. In

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[18]In both *Fonotipia* and *Aeolian* the courts in dicta construed the then brand new Copyright Act of 1909 differently from subsequently accepted constructions of the Act. The court in *Fonotipia* thought that phonograph records themselves might be the subject of copyright (171 Fed. at 963), and in *Aeolian* the court thought that the Copyright Act itself gave the right to maintain that action (196 Fed. at 928). Neither of these statements was necessary to the decisions in those cases; that subsequent judicial construction of the Copyright Act has made these dicta erroneous should not in any way detract from the validity of the holdings of those cases that record piracy is legally wrongful and enjoinable. This is particularly true of *Fonotipia*, where the holding was based on reasoning almost identical to that of this Court in *International News Serv. v. Associated Press*, 248 U.S. 215 (1918).

[19]38 Stat. 719 (1914), 15 U.S.C. §45 (1970).

1952 Columbia Records, Louis Armstrong and Norman Granz obtained injunctions under New York law of unfair competition and invasion of privacy against major record pirates; during the same period music publishers obtained injunctions against pirates for infringing their copyrighted musical compositions by making records without paying the statutory royalties; these lawsuits temporarily "knocked out pirating". *Id.* at 439-41.

In *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955), the Court of Appeals for the Second Circuit held that the Copyright Act as it then existed did not deal with the protection of phonograph records and that phonograph records could not be copyrighted, and that the legality of the unauthorized duplication of phonograph records is to be determined by state law, not federal law. 221 F.2d at 661-62. The court held that under the law of New York, public sale of records "does not constitute a dedication of the right to copy and sell the records", 221 F.2d at 663, and that the unauthorized duplication of phonogaph records is unlawful under the law of New York. The Court of Appeals expressly declined to follow its previous decision of *RCA Manufacturing Co. v. Whiteman*, 114 F.2d 86 (2d Cir.), *cert. denied*, 311 U.S. 712 (1940), because insofar as that case held that rights in recorded performances ended with the sale of records, that case "is not the law of the State of New York". 221 F.2d at 663.[20]

In *Gieseking v. Urania Records, Inc.*, 17 Misc.2d 1034, 155 N.Y.S. 2d 171 (Sup. Ct. 1956), the court

[20] *Whiteman* is also irrelevant because that case deals with the right to *play* records, and not with the right to *duplicate* them.

held that a performer or his assignee record company does not, by putting records on public sale, dedicate the right to copy the records and sell the copies, and that plaintiff, an internationally renowned pianist, could maintain causes of action under the New York right of privacy statute and for unfair competition to enjoin the unauthorized duplication of phonograph records of his performances.

During the last decade, when record piracy reached alarming proportions, numerous courts held unlawful and granted injunctions to prohibit the appropriation ("pirating") of recorded performances from master recordings, *RCA v. Premier Albums, Inc.*, 19 App. Div. 2d 62, 240 N.Y.S.2d 995 (1963), or from phonograph records sold to the public, *Capitol Records, Inc. v. Greatest Records, Inc.*, 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964), *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 82 Cal. Rptr. 798 (1969), *cert. denied*, 398 U.S. 960 (1970), *Capitol Records, Inc. v. Spies*, 130 Ill. App. 429, 264 N.E.2d 874 (1970), *Liberty/UA, Inc. v. Eastern Tape Corp.*, 11 N.C.App. 20, 180 S.E.2d 414, *appeal dism'd.*, 278 N.C. 702, 181 S.E.2d 600 (1971), and *Columbia Broadcasting System, Inc. v. Custom Recording Co.*, ... S.C. ....., 189 S.E.2d 305 (1972).

In addition, the courts have held unlawful and granted injunctions to prohibit the appropriation of performances "off the air", *Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964); *Metropolitan Opera Association, Inc. v. Wagner-Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd.*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1951).

The Court of Appeals for the Ninth Circuit has held that there is no "right to copy" recordings, *Duchess Music Corp. v. Stern*, 458 F.2d 1305, 1311 (9th Cir. 1972), *petition for cert. filed sub nom. Rosner v. Duchess Music Corp.*, No. 71-1551. See *Tape Head Co. v. RCA Corp.*, 452 F.2d 816, 819 (10th Cir. 1971). In *TIAA v. Younger*, the California anti-piracy statute before this Court in this case was upheld.[21]

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[21]Petitioners have cited only one case which has held that the states lack the power to prohibit piracy of records fixed prior to February 15, 1972. *International Tape Mfgs. Ass'n. v. Gerstein*, 344 F. Supp. 38 (S.D. Fla. 1972), in which an appeal is now pending in the Court of Appeals for the Fifth Circuit. The district judge in that case expressly declined to follow this Court's decision in *International News Serv. v. Associated Press*, 248 U.S. 215 (1918), the decisions of the Courts of Appeals for the Ninth and Tenth Circuits in *Duchess Music Corp. v. Stern*, *supra*, and *Tape Head Co., Inc. v. RCA Corp.*, *supra*, the decision of the Court of Appeals for the Second Circuit in *Capitol Records, Inc. v. Mercury Records Corp.*, *supra*, and the decision of the three judge court in *TIAA v. Younger*, *supra*. *Gerstein* is contrary to the numerous cases, cited at pages 20-25, *supra*, and 43, *infra*, which have held that the sale of phonograph records does not amount to a publication which deprives the owner of the master recording of his right to prohibit duplication of the records. The *Gerstein* decision is also contrary to two orders dismissing similar suits brought by the same trade association of pirates attacking the Texas and Pennsylvania anti-piracy statutes, *Independent Tape Merchant's Ass'n v. Martin*, United States District Court for the Northern District of Texas, Dallas Division, Civil Action No. 3-5536-A, dismissed by order filed February 29, 1972, and *Independent Tape Merchant's Ass'n v. Creamer*, United States District Court for the Middle District of Pennsylvania, Civil Action No. 72-73, dismissed by an order pursuant to a memorandum, both filed July 24, 1972. The real motives of the tape pirates are quite transparent. The same attorney who represented the pirates in the suits attacking the validity of the Florida, Texas and Pennsylvania anti-piracy statutes also filed an action in the District of Columbia to have Public Law No. 92-140 declared unconstitutional. *Shaab v. Kleindienst*, United States District Court for the District of Columbia, Civil Action No. 11-72, 174

(This footnote continued on next page)

B. Congress Has Long Been Aware of State Law Protection Against Unauthorized Duplication of Recordings, and the Absence of Federal Protection Against Record Piracy Prior to Public Law No. 92-140 Did Not Indicate a Congressional Intention That Recordings Should Not Have State Law Protection Against Piracy.

Petitioners argue that congressional consideration of various proposed general revisions of the Copyright Act which would have included copyright protection for recordings and the failure of Congress to enact any of these general revisions is, apparently by implication, an expression of congressional will that sound recordings have no protection at all against unauthorized duplication.[22] This argument is specious for two reasons: generally, the failure of the Congress to enact legislation is not reasonably susceptible of such an interpretation; and, specifically, petitioners ignore the substantial evidence that in numerous congressional hearings spanning a period of more than twenty years, the Congress was repeatedly told that the record companies believed that state law protected them against the unauthorized duplication ("dubbing") of their records.

The reason that, in general, failure to enact legislation is not an indication of congressional policy, one way or the other, is stated by this Court in *Helvering v. Hallock*, 309 U.S. 106, 119-21 (1940):

> "To explain the cause of non-action by Congress when Congress itself sheds no light is to venture

U.S.P.Q. 197. In a memorandum opinion by a three judge district court consisting of Judges Green, Fahy and Corcoran, that action was dismissed by an order filed on June 8, 1972.

[22]See Brief of Petitioners at 10-11.

> into speculative unrealities. . . . Various considerations of parliamentary tactics and strategy might be suggested for the inaction of . . . Congress, but they would only be sufficient to indicate that we walk on quicksand when we try to find in the absence of corrective legislation a controlling legal principle."

Moreover, there is specific, cogent evidence that the failure of Congress to provide federal protection against record dubbing prior to 1971 is not an indication that Congress intended recordings to have no protection at all against unauthorized duplication. To the contrary, the evidence demonstrates that Congress understood that protection was available under state law, and that failure to enact legislation was due to an inability to resolve other issues. The Committee on the Judiciary of the House of Representatives and the Register of Copyrights have both stated that the failure of Congress to enact copyright revision between 1924 and 1940 was "partly because of controversy among private interests over the differences between the Berne Convention and the U.S. law". H.R.Rep No. 2237, 89th Cong., 2d Sess. 31 (1966); House Comm. on the Judiciary, 87th Cong., 1st Sess., *Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* at x (Comm. Print 1961). In Ringer, *The Unauthorized Duplication of Sound Recordings*, Study No. 26 of the Copyright Law Revision Studies prepared for the Subcommittee on Patents, Trademarks and Copyrights of the Senate Judiciary Committee, 86th

Cong., 2d Sess. 37 (1957),[23] the Assistant Register of Copyrights states:

> "Essentially, however, the arguments, pro and contra, were dictated by economic self-interest, and revolved around the problem of radio broadcasting. There was practically no direct opposition to the principle of protection of sound recordings against unauthorized dubbing."

Throughout the hearings on the various revision bills which occurred between 1924 and 1940, representatives of the recording industry repeatedly informed Congress that the recording industry believed that phonograph records were protected from unauthorized duplication by state law:

> At hearings on the Perkins Bill held in January and February, 1924, no one opposed the proposed revisions granting copyright to records. In fact, a representative of the Victor Talking Machine Co. stated that the record manufacturers had not asked for statutory protection and were not sure they wanted statutory protection, because the proposed bill merely protected against dubbing, and the record manufacturers already had protection against dubbing under state law of unfair competition. Ringer *The Unauthorized Duplication of Sound Recordings* at 22, citing Hearings on H.R. *11258 Before the House Comm. on Patents,* 68th Cong., 2d Sess. 303 (1925).

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[23]Hereinafter referred to as Ringer, *The Unauthorized Duplication of Sound Recordings.* This study is one of a group of studies which are available as official committee prints of the Senate Judiciary Committee, and which have also been collected and republished in *Studies on Copyright* (Arthur Fisher Memorial Ed. 1963).

At hearings held in April, 1926, a representative of the Aeolian Company informed Congress that there was protection against dubbing under state theories of unfair competition. *Id.* at 22-23, citing *Hearings on H.R. 10434 Before The House Comm. on Patents,* 69th Cong., 1st Sess. 319 (1926).

At hearings on the Vestal Bill from 1928 through 1930, representatives of authors and music publishers stated to the Congress that record manufacturers were effectively protected against dubbing by the common law. *Id.* at 23, citing *Hearings on H.R. 9639 Before the House Comm. on Patents,* 71st Cong., 2d Sess. 10-11, 27, 29 (1930).

At hearings held in February, March and April, 1936, on the Daly and Sirovich bills, it was assumed generally that ordinary dubbing of sound recordings could be effectively prevented at common law on the theory of unfair competition. *Id.* at 29, citing *Hearings on Revision of Copyright Laws Before the House Comm. on Patents,* 74th Cong., 2d Sess. 113, 639, 653, 1181 (1936).

At hearings in May and June, 1947 on a bill to amend the Copyright Act to provide for copyright in "acoustic recordings," the record manufacturers opposed provisions of the bill requiring them to obtain the consent of the "author" of the recording before the recording could be copyrighted on the ground that if consent were denied, the recording would fall into the public domain and the manufacturer would lose

its common law right to restrain dubbing.[24] The representative of Decca Records told the Committee that:

> "[T]oday, at least, we have a common-law right in that record and nobody under the common-law could 'dub' that record . . . I mean record it physically or make another record from it."[25]

At hearings in 1967 on the general revision of the Copyright law, the Executive Secretary of the Record Industry Association of America and the general counsel of that association, in discussing proposed statutory protection for works which were then protected by common law, advised the Subcommittee that existing recordings were then protected by state law. See *Hearings on S. 597 Before the Subcomm. on Patents, Trademarks and Copyrights of the Senate Judiciary Comm.*, 90th Cong., 1st Sess., Pt. 2, at 531 and 537 (1967).

Most of the commentators prior to the enactment of Public Law No. 92-140 acknowledged that recordings were protected against duplication under state law. See, for example, Ringer, *The Unauthorized Duplication of Sound Recordings* at 17-20, in which the Assistant Register of Copyrights stated that "the weight of authority appears to lean toward broader and broader protection for recordings on the theory of unfair competition" (*Id.* at 19); Diamond, *Copyright Problems of the Phonograph Record Industry*, 15 Vand.L.Rev. 419, 429 (1962), in which the author stated that "It

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[24]Ringer, *The Unauthorized Duplication of Sound Recordings* at 36.

[25]*Hearings on H.R. 1268, H.R. 1270 and H.R. 2570 Before the Subcomm. on Patents, Trademark and Copyright of the House Comm. on the Judiciary*, 80th Cong., 1st Sess. 54 (1947), quoted in Ringer, *Id.* at 36 n. 338.

is generally assumed today . . . that a phonograph record manufacturer at least can stop the unauthorized duplication of his recordings".

C. In Public Law No. 92-140 Congress Expressly Recognized the Existence of State Law Rights in Recordings Fixed Prior to the Availability of the Federal Protection Established by That Act and Expressly Confirmed and Saved Those Rights.

Section 1 of Public Law No. 92-140 created for the first time a limited copyright in sound recordings, which, under §3 of the Act, became effective only with respect to sound recordings "fixed, published, and copyrighted" on or after February 15, 1972. Section 3 of that Act provides:

> "[N]othing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act."

Section 3 of Public Law No. 92-140, therefore, contains an express congressional recognition of the foregoing legislative and judicial history and that there are "rights with respect to sound recordings fixed before the effective date of [that] Act", and a statement of congressional will that nothing in the Copyright Act (Title 17, United States Code) as amended by Public Law No. 92-140, shall be construed as affecting "in any way any [such] rights". Congress has thus expressly confirmed, indeed, invited, state protection of sound recordings fixed prior to February 15, 1972.

Section 653h of the California Penal Code is an appropriate state statute preserving rights in recordings

fixed prior to February 15, 1972.[26] Petitioners, by asking this Court to invalidate Section 653h are really asking this Court to disregard the clearly and expressly stated will of Congress. When arguments similar to those made here were presented by other record pirates to the Court of Appeals for the Tenth Circuit, that court stayed an injunction which would have prohibited enforcement of state rights in recordings fixed prior to February 15, 1972 because "[i]t is highly questionable from the authorities presented that plaintiffs [the pirates] have, as a result of the Act of Congress, acquired a right to convert and use these recordings with impunity prior to February 15, 1972." *Tape Head Co. v. RCA Corp.*, 452 F.2d 816, 819 (10th Cir. 1971). Petitioners have not presented any valid reasons for this Court to disregard the will of Congress; no such reasons exist; and this Court should effectuate the will of Congress by upholding Section 653h.

III.

Section 653h Does Not Conflict With Any Federal Policy of Uniformity.

Petitioners' principal arguments are based on assumptions of federal pre-emption and uniformity of law which have never existed in American copyright law.[27] To the contrary, from its earliest days the

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[26]Section 2 of the California statute which enacted Section 653h makes that statute fully severable so that it may, if required, be limited to protecting sound recordings fixed prior to February 15, 1972. Since petitioners were convicted of pirating recordings fixed prior to that date and since the California courts have not had the opportunity to determine the applicability of Section 653h to recordings fixed after that date, it is neither necessary nor appropriate for this Court to decide whether the statute does or may proscribe piracy of recordings fixed after February 15, 1972.

[27]Brief of Petitioners at 8-9, 11-12, 16, 19-20, 23.

American system of copyright protection has been based on the *concurrent* application of federal and state law. State law has protected unpublished works, *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834), *Paige v. Banks*, 80 U.S. (13 Wall.) 608 (1872), and federal law has protected published works, 17 U.S.C. §10 (1970). In the Copyright Act Congress has expressly preserved "the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent . . . ." 17 U.S.C. §2 (1970). This Court has applied state law to construe the Copyright Act. *De Sylva v. Ballentine*, 351 U.S. 570, 580-82 (1956). In *Fashion Originators Guild v. FTC*, 114 F.2d 80 (2d Cir. 1940), *aff'd.*, 312 U.S. 457 (1941)[28] this Court did *not* adopt the reasoning of the court of appeals that, as a matter of federal law, the sale of dresses was a "publication" of the designs which brought them into the "public demesne" (114 F.2d at 84); rather this Court held that whether "systematic copying of dress designs is itself tortious . . . . is a question of *state law* . . . ." 312 U.S. at 468 (Emphasis added).

Petitioners assert that there must be a uniform federal definition of "publication". But, contrary to this assertion, there has always been a vast diversity of meaning of "publication" in the law of literary property. Section 2 of the Copyright Act preserves common law rights in "unpublished" works, but does not define "unpublished". Consistently with this reference to common law, state law has generally been applied to define "publication" for the purpose of divesting common

[28]Brief of Petitioners at 21-22.

law protection. On the other hand, Section 10 of the Copyright Act provides that federal protection may be obtained by "publication" with notice of copyright affixed, but the Copyright Act does not define "publication". Consistently with this provision for obtaining federal statutory protection, federal law has generally governed the definition of "publication" for the purpose of determining whether there has been an investiture of federal protection.

The fallacies of petitioners' assertions that the Copyright Clause requires a uniform federal definition of "publication" are cogently exposed in Kalodner and Vance, Jr., *The Relation Between Federal and State Protection of Literary and Artistic Property*, 72 Harv. L. Rev. 1079, 1084 (1959). That article shows that "the question of what publication divests an author of his common-law property rights, has been generally assumed to be one of state law", *id.* at 1092, 1094, and that it would be unwise to adopt a uniform concept of investing and divesting publication, but rather that state law ought to define that publication which will divest state law rights and federal law ought to define that publication which will invest federal rights, *id.* at 1093-94. The fallacies in petitioners' assertions are also demonstrated in Bender, *Product Simulation: A Right or A Wrong?*, in symposium, 64 Colum. L. Rev. 1228, 1230-32 (1964), and Comment, *Performers' Rights and Copyright: The Protection of Sound Recordings from Modern Pirates*, 59 Calif. L. Rev. 548, 557, 561-65 (1971).

In *American Tobacco Co. v. Werckmeister*, 207 U.S. 284 (1907), this Court held that the exhibition of a painting in a gallery which had bylaws prohibiting copying did not amount to a publication that would

divest the artist of his common law copyright protection. Certainly if the bylaws of a private art gallery can preserve common law protection by restricting the right to copy, the law of the State of California ought to be able to preserve common law rights by restricting the right to duplicate phonograph records.

In *American Visuals Corp. v. Holland,* 239 F.2d 740 (2d Cir. 1956), the court expressly rejected the contention "that facts which would constitute 'publication' for purposes of securing the author federal copyright protection, will also operate to divest him of his common law protection if he has not secured a federal copyright", and explained at length that "[i]t is, however, perfectly clear that the word 'publication' does not have the same legal meaning in all contexts." 239 F.2d at 743. But the same amount of "publication" which the court indicated would *not divest* the author of his *common law rights* would have been more than *sufficient* to *invest* him with *federal statutory rights.* 239 F.2d at 744-45. See *Hirshon v. United Artists Corp.,* 243 F.2d 640, 644-45 (D.C. Cir. 1957). *Cf., Atlantic Monthly Co. v. Post Pub. Co.,* 27 F.2d 556 (D. Mass. 1928).

> "Cases such as these indicate that, as we said above, the courts apply different tests of publication depending on whether plaintiff is claiming protection because he did not publish and hence has a common law claim of infringement—in which case the distribution must be quite large to constitute 'publication'—or whether he is claiming under the copyright statute—in which case the requirements for publication are quite narrow. *In each case the courts appear so to treat the concept*

of 'publication' as to prevent piracy." American Visuals Corp. v. Holland, supra, 239 F.2d at 744 (Emphasis added).

In *Capitol Records, Inc. v. Mercury Records Corp.,* 221 F.2d 657 (2d Cir. 1955), the court of appeals expressly used state law to determine whether the sale of records dedicated to the public the right to duplicate recordings and held that, under the law of the state of New York, placing "records on public sale . . . does not constitute a dedication of the right to copy and sell the records". 221 F.2d at 663. Even Judge Hand, who dissented in that case, had recognized that state law can protect records against unauthorized uses. In *RCA Manufacturing Co. v. Whiteman,* 114 F.2d 86 (2d Cir.), *cert. denied,* 311 U.S. 712 (1940), in which he wrote an opinion holding that records which had been sold to the public could be played on radio notwithstanding a restrictive legend to the contrary on the records, Judge Hand acknowledged that "[i]t is true that the law is otherwise in Pennsylvania", whose Supreme Court had enforced such a restrictive legend. 114 F.2d at 89, citing *Waring v. WDAS Broadcasting Co.,* 327 Pa. 433, 194 Atl. 631 (1937).

Judge Hand's dissent in *Capitol Records, Inc. v. Mercury Records Corp.,* on which petitioners rely, has not generally been adopted. Even one of Judge Hand's admirers has conceded that "[i]n general the mere vesting of a power in Congress does not operate to exclude state regulation of the field . . . . [and] it is doubtful whether the present case warrants such treatment. After all, it is always open to Congress to step in and assert its control if it is dissatisfied with the state regulation," and that the evidence in support of Judge Hand's conclusion is

"hardly conclusive". Kaplan, *Performer's Right and Copyright: The Capitol Records Case*, 69 Harv. L. Rev. 409, 420-21 (1956).

IV.

Section 653h Does Not Conflict With the Sears and Compco Decisions.

Petitioners place major reliance on *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). In *Sears* the Stiffel Co. manufactured a pole lamp and Sears "put on the market a substantially identical lamp which it sold more cheaply . . ." 376 U.S. at 225-26. In *Compco*, the Compco Corporation made and sold lighting fixtures "very similar to" lighting fixtures made and sold by Day-Brite, 376 U.S. at 234-35. The Stiffel Co. had obtained design and mechanical patents and Day-Brite had obtained a design patent (and had been refused a mechanical patent) on their respective lamp and fixture. The patents were held invalid and this Court held that state law could not prohibit the marketing of "substantially identical" or "very similar" products.

In *Sears* and *Compco* the United States filed a brief amicus curiae urging reversal of the judgments below. That brief expressly excluded from argument and consideration "such questions as whether State law may protect a performer in the performance of a copyrighted or uncopyrighted literary or musical work, . . . and whether a State may define what constitutes 'publication' within the meaning of the copyright laws"; the United States stated that it was "not suggesting that a State never could grant protection against systematic 'pirating' of original designs or creations, or against unauthorized reproduction of a recorded performance

of a literary or musical work," and acknowledged that "the policy considerations involved in the resolution of those issues may be different than those in [*Sears* and *Compco*], and the problems of federalism posed may call for a different balancing of federal and State interests." *Brief of the United States as Amicus Curiae*, at 11-12, 28, in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). These statements of the United States are strong reasons that *Sears* and *Compco* do not apply to record piracy and do not support petitioners.

A. Pirate Tapes Are Not "Copies" of Recordings in the Same Sense That the Lamp and Lighting Fixture in Sears and Compco Were Copies of the Lamp and Fixture They Imitated.

The Sears pole lamp and the Compco lighting fixture were imitations or simulations of the Stiffel and Day-Brite products. One purchasing from Sears and Compco knew he was not obtaining the Stiffel lamp or Day-Brite fixture. On the other hand, when a pirate tape is played, the listener hears the identical recorded performance he hears when he plays the phonograph record which has been pirated. The listener purchases the pirate tape precisely because he knows it is a "duplicate original". Petitioners thus do not sell imitations, simulations or copies of recordings in the same sense that Sears, Roebuck sold "copies" of the Stiffel pole lamp; petitioners sell the original recorded performances. If petitioners had been willing to pay for the talent, make the investment, and take the risk that all the individuals and record companies do who make possible the recordings petitioners pirate, and if petitioners had

thereby produced a recorded performance of a musical composition which imitated or simulated another recorded performance in the same way that the pole lamp made by Sears and the lighting fixture made by Compco imitated or simulated the Stiffel lamp and Day-Brite fixture, *Sears* and *Compco* would be in point. That is, petitioners could have attempted to produce a recording which sounds as much as possible like the original recording, but isn't the original. Petitioners did not do this; instead they appropriated and sold the original performance.

A record or tape has value only because it is a means of hearing the performance "captured" on the physical object; the physical object alone has little value without the recorded performance. That the imitation and simulation sanctioned by *Sears* and *Compco* is not the same as petitioners' piracy is proven by the fact that in order for petitioners to sell their pirate tapes they must and do label them with the names of the performers and the titles of the recordings which have been pirated, thereby informing the public that one who purchases a pirate tape is acquiring a means of hearing the original recorded performance by the original performer, and not a copy or imitation. Obviously, a recording labeled "Some Songs" performed by "The Unknown Singers" is not nearly as valuable or salable as a recording labeled with the title of the latest "hit" album and the names of performers who are presently among the public's top favorites. On the other hand, when one purchases a properly labeled Sears, Roebuck pole lamp he knows that he is purchasing an imitation or copy, and not an original Stiffel lamp. This points out another distinction between piracy and the copying or imitation sanctioned in *Sears*

and *Compco:* with copying a new product is created and offered to the public (even though that product may be indistinguishable from another product); with piracy or appropriation the identical product is offered to the public.

The distinction between the appropriation or taking which is record piracy and the "copying" or imitation allowed by *Sears* and *Compco* has long been recognized. The late Professor Zechariah Chafee, Jr., of Harvard Law School recognized this distinction over twenty-five years ago in his landmark articles *Reflections on the Law of Copyright,* 45 Colum. L. Rev. 503, 719 (1945); Chafee made this distinction between plagiarism, *i.e.*, copying, and piracy:

> "In piracy, unlicensed persons still give the author credit; in plagiarism they take the credit themselves. Another aspect of the distinction is that piracy usually takes the whole work, or at least abridges it, while plagiarism takes parts of it." 45 Colum. L. Rev. at 513.

In discussing the need for federal protection for phonograph records, Chafee urged: "The owner of the record copyright should certainly be able to stop the two kinds of *piracy* already described, namely, reproduction of this very record and broadcasting therefrom. When we come to *plagiarism,* protection here seems questionable. Do we want to encourage Toscanini to come into court and say that the defendant conductor is improperly *imitating* Toscanini's rendering of Beethoven's Fifth Symphony? Do we want Benny Goodman to say that another jazz orchestra is copying his

new tricks with the clarinet?" 45 Colum. L. Rev. at 736 (Emphasis added).

The Assistant Register of Copyrights distinguished between the unauthorized duplication or piracy of records and the imitation of the sounds captured on one record by the production of new sounds "even where the imitation is so slavish as to make the records nearly identical". Ringer, *The Unauthorized Duplication of Sound Recordings* at 1 n. 3. See also Kalodner and Vance, Jr., *The Relation Between Federal and State Protection of Literary and Artistic Property,* 72 Harv. L. Rev. 1079, 1098-99, 1121 n. 118, 1121-26 (1959).

The reality of the distinction between petitioners' appropriation and piracy and the imitation or simulation of a performance which would be permitted under *Sears* and *Compco* is proven by a comparison of *Sinatra v. Goodyear Tire & Rubber Co.,* 435 F.2d 711 (9th Cir. 1970), *cert. denied,* 402 U.S. 906 (1971) and *Davis v. Trans World Airlines,* 297 F. Supp. 1145 (C.D. Cal. 1969) with *TIAA v. Younger.* Judges Trask and Whelan, who forbade piracy of recordings in *TIAA v. Younger,* permitted imitation and simulation of recordings in *Sinatra* and *Davis.*

Prior to *Sears* and *Compco* the New York courts, which have consistently protected against record piracy, recognized the distinction between piracy and imitation and did not protect against imitation. See *Miller v. Universal Pictures Co.,* 11 App. Div. 2d 47, 201 N.Y.S.2d 632, 634-35 (1960), *jdmt. amended,* 13 App. Div. 2d 473, 214 N.Y.S.2d 645, *aff'd.,* 10 N.Y. 2d 972, 224 N.Y.S.2d 662, 180 N.E.2d 248 (1961). After *Sears* and *Compco,* numerous federal and state courts have recognized the distinction between the "copying" or imitation which those cases sanctioned

and the appropriation or taking which is involved in record piracy and, either on the misappropriation ground of unfair competition announced by this Court in *International News Service v. Associated Press*, 248 U.S. 215 (1918), or on the grounds of protection of common law copyright, have held that *Sears* and *Compco* have not legalized record piracy. *Duchess Music Corp. v. Stern*, 458 F.2d 1305, 1311 (9th Cir. 1972), *petition for cert. filed sub nom. Rosner v. Duchess Music Corp.*, No. 71-1551; *Tape Head Co. v. RCA Corp.*, 452 F.2d 816, 819 n. 1 (10th Cir. 1971); *TIAA v. Younger*, 316 F. Supp. 340, 350-51 (C.D. Cal. 1970); *Columbia Broadcasting System, Inc. v. Custom Recording Co., Inc.*, ... S.C. ...., 189 S.E.2d 305, 309-10 (1972); *Liberty/UA, Inc. v. Eastern Tape Corp.*, 11 N.C. App. 20, 180 S.E.2d 414, 417, *appeal dism'd.*, 287 N.C. 702, 181 S.E.2d 600 (1971); *Capitol Records, Inc. v. Erickson*, 2 Cal. App. 3d 526, 82 Cal. Rptr. 798 (1969), *cert. denied*, 398 U.S. 960 (1970); *Capitol Records, Inc. v. Spies*, 130 Ill. App. 429, 264 N.E.2d 874, 877 (1970); *Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 726-27, 248 N.Y.S.2d 809, 812-13 (Sup. Ct. 1964); *Capitol Records, Inc. v. Greatest Records, Inc.*, 43 Misc. 2d 878, 252 N.Y.S.2d 553, 555-57 (Sup. Ct. 1964).

The most recent evidence that *Sears* and *Compco* do not support petitioners is that Judge Richard W. McLaren, who was Assistant Attorney General in charge of the Antitrust Division at the time the letter from the Department of Justice referred to by petitioners was written,[29] has recognized the distinc-

[29]Brief of Petitioners at 14-15 n. 23.

tion between "misappropriation" and "copying". Judge McLaren recently held that "the great majority of the courts which have considered the question have ruled that misappropriation is not within the scope of Sears-Compco and declin[ed] to follow the cases"[30] which said there was no such distinction. *Compumarketing Services Corp. v. Business Envelope Manufacturers, Inc.*, 342 F. Supp. 776 (N.D. Ill. 1972), typewritten Memorandum dated June 8, 1972 at 5.

B. Recordings Are Not "in the Public Domain" as Were the Lamp and Fixture Involved in Sears and Compco.

Sears and *Compco* concern only the right to copy items which are "in the public domain".[31] Petitioners' brief presupposes that the sale of sound recordings places them "in the public domain" and argues from this supposition that the recordings may be freely duplicated.[32]

Neither *Sears* nor *Compco* held expressly or by implication that the sale of recordings to the public places the recordings "in the public domain" in the sense that the recordings may be duplicated. Prior to the decisions of *Sears* and *Compco* the law was clearly to the contrary. *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955), and other authorities cited at pages 20-25, *supra*. There is nothing in *Sears* or *Compco* which indicates that this Court intended to overrule all this preexisting authority, and, as the cases

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[30]*Columbia Broadcasting System, Inc. v. DeCosta*, 377 F.2d 315, 321 (1st Cir.), *cert. denied*, 389 U.S. 1007 (1967) and *Cable Vision, Inc. v. KUTV, Inc.*, 335 F.2d 348, 352 (9th Cir. 1964), *cert. denied*, 379 U.S. 989 (1965), both cited in Brief of Petitioners at 20-22.

[31]376 U.S. at 231 and 238.

[32]Brief of Petitioners at 9, 11-22.

cited at page 43, *supra*, indicate, there has been a strong consensus of post *Sears* and *Compco* authority that those cases do not mean that public sale of recordings places them "in the public domain" in the sense of dedicating the right to duplicate the records.

A phonograph record is a means of "capturing" a performance and of rendering that performance audible to a large audience. That the sale of recordings does not place the recordings "in the public domain" flows from the long settled principle that the rendition of a public performance, no matter how great or extensive the audience, does not constitute a "publication" of the performance or a dedication by the owner of the right to duplicate the performance, *i.e.*, does not put the performance "in the public domain". *Ferris v. Frohman*, 223 U.S. 424 (1912); *Uproar Co. v. National Broadcasting Co.*, 8 F. Supp. 358 (D. Mass. 1934), *modified and aff'd.*, 81 F.2d 373 (1st Cir.), *cert. denied*, 298 U.S. 670 (1936), holding that radio broadcast does not divest the owner of the performance of his rights therein; *King v. Mister Maestro, Inc.*, 224 F. Supp. 101 (S.D.N.Y. 1963), holding that public delivery of a speech to an "enormous crowd" and radio and television broadcasts and rebroadcasts and movie newsreel exhibition of the speech does not divest the owner of the speech of his rights therein.

The essence of petitioners' argument is that *Sears* and *Compco* require a choice between two alternatives; protection under a federal statute or no protection at all. But this argument fails to recognize that *Sears* and *Compco* dealt with patent interests where Congress has indeed required that alternative. Congress has prescribed standards of patentability which physical objects must meet in order to be protected against copy-

ing; the lamp and lighting fixture involved in *Sears* and *Compco* failed to meet these federal standards and, accordingly, they had no protection at all against copying. Record and tape piracy, however, involve what are essentially literary property interests where the courts have always recognized and Congress has expressly provided a third alternative—common law protection by the states for "unpublished works" under Section 2 of the Copyright Act.[33] In *Sears* this Court expressly recognized that Congress had preserved the states' power to protect "unpublished works". 376 U.S. at 231 n. 7. After the decision of *Sears* and *Compco*, Congress in Section 3 of Public Law No. 92-140 again specifically confirmed this power of the states for recordings fixed prior to February 15, 1972.

C. The Other Cases Cited by Petitioners Are Not Apposite.

Columbia Broadcasting System, Inc. v. DeCosta,[34] 377 F.2d 315 (1st Cir.), *cert. denied*, 389 U.S. 1007 (1967), did not involve duplication of an original performance or holding out by CBS that its character "Paladin" was the "original DeCosta" or "the original Paladin created by DeCosta", as petitioners hold out that their pirate tapes will permit the listener to hear the original performances by the original performers. If defendants in *DeCosta* had held out that their Paladin was "the original DeCosta" the result might well have been different. See *Chaplin v. Amador*, 93 Cal.App. 358, 269 P. 544 (1928), cited in *DeCosta*, 377 F.2d at 318.

In *Cable Vision, Inc. v. KUTV, Inc.*, 335 F.2d 348, 351 (9th Cir. 1964), *cert. denied*, 379 U.S. 989

[33] 17 U.S.C. §2 (1970).

[34] Brief of Petitioners at 20-21 n. 32, 22 n. 34.

(1965),[35] the court of appeals expressly recognized that state actions "based upon common law copyright" survive, citing *Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964).

RCA Manufacturing Co. v. Whiteman,[36] 114 F.2d 86 (2d Cir.), *cert. denied*, 311 U.S. 712 (1940), dealt with the right to *play* records, not duplicate them;[37] in addition, *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955), makes this case, as well as all of the other Second Circuit decisions cited by petitioners, irrelevant because the law in that Circuit, as set out in *Capitol Records*, is that recordings may be protected against unauthorized duplication under state law. 221 F.2d at 663.

Petitioners are able to engage in their piracy only because a sound recording is not only a means for making the performance embodied thereon audible, but also, unlike almost any other form of intellectual and artistic property, a die for reproducing itself. For this reason, as well as for the reason that the recordings which petitioners pirated were never eligible for the benefits of federal copyright protection, cases dealing

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[35]Brief of Petitioners at 20-21 n. 32.

[36]Brief of Petitioners at 16, 17.

[37]The distinction between restricting the right to play records and restricting the right to duplicate them was also recognized by the South Carolina Supreme Court and the North Carolina Court of Appeals which held that the statutes of those states eliminating common law rights to restrict the use of recordings, which were enacted to overrule *Waring v. Dunlea*, 26 F. Supp. 338 (E.D.N.C. 1939), applied only to restrictions on the right to play records and did not sanction record and tape piracy. *Liberty/UA, Inc. v. Eastern Tape Corp.*, 11 N.C. App. 20, 180 S.E.2d 414, *appeal dism'd.*, 287 N.C. 702, 181 S.E.2d 600 (1971) and *Columbia Broadcasting System, Inc. v. Custom Recording Co., Inc.*, ...S.C. ...., 189 S.E.2d 305 (1972).

with rights upon the expiration of the copyright in printed matter, such as *G. Ricordi & Co. v. Haendler,* 194 F.2d 914 (2d Cir. 1952),[38] are irrelevant.

V.

There Are Strong Reasons of Policy Which Support the Continued Power of the State to Protect Recordings Fixed Prior to February 15, 1972.

The disastrous impact of record and tape piracy on all segments of the legitimate music and recording industries—on performers, musicians, composers and record companies—and on the federal and state governments which are losing tax revenue as a result of the activities of the pirates—was described in the reports of the Senate Judiciary Committee and House Judiciary Committee on Public Law No. 92-140.

> "While it is difficult to establish the exact volume or dollar value of current piracy activity it is estimated by reliable trade sources that the annual volume of such piracy is now in excess of $100 million. It has been estimated that legitimate prerecorded tapes sales have an annual value of approximately $300 million. The pirating of records and tapes is not only depriving legitimate manufacturers of substantial income, but of equal importance is denying performing artists and musicians of royalties and contributions to pension and welfare funds and Federal and State governments are losing tax revenues." S.Rep. No. 92-72, 92d Cong., 1st Sess. 3-4 (1971); H.R. Rep. No. 92-487, 92d Cong., 1st Sess. 2 (1971).

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[38]Brief of Petitioners at 25-26 n. 41.

The findings of the Senate and House Judiciary Committees that record piracy is a social evil which must be stopped was based on substantial evidence, including the testimony of prominent public officials, presented in the hearings on S. 646 which ultimately became Public Law No. 92-140. See the testimony of Representative Celler, Chairman of the House Judiciary Committee;[39] Representative Fulton of Tennessee;[40] Bruce Ladd, Jr., Deputy Assistant Secretary for Commercial Affairs and Business Activities for the Department of State;[41] B. A. Ringer, Assistant Register of Copyrights;[42] and many representatives of all segments of the music industry.[43] Counsel for petitioners here, as well as the record and tape pirates who have filed an amicus brief and their counsel, appeared before the House Subcommittee and presented at length their arguments in favor of piracy.[44] The Congress rejected those arguments, and so should this Court.

There is no merit to the arguments of petitioners and the other pirates who have filed an amicus brief that Section 653h of the California Penal Code has created a "monopoly" in favor of record companies or that the suppression of piracy will foster monopoly.[45] The Register of Copyrights reported to the Congress in 1961 that there is no longer the danger of monopoly in the music industry which had in 1909 prompted adoption of the

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[39]*Hearings on S. 646 and H.R. 6927 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 92d Cong., 1st Sess. 4 (1971).

[40]*Id.* at 6.

[41]*Id.* at 7.

[42]*Id.* at 10-11.

[43]*Id.* at 24-66.

[44]*Id.* at 67-116.

[45]Brief of Petitioners at 9, 11-13, 23.

compulsory license provisions[46] and that "[t]here are now hundreds of record companies competing with one another." House Comm. on the Judiciary, 87th Cong., 1st Sess., *Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law*, 33-35 (Comm. Print 1961).[47]

Record and tape piracy are, in fact, fundamentally anti-competitive, as explained by B. A. Ringer, Assistant Register of Copyrights, in her testimony in favor of

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[46]17 U.S.C. §1(e) (1970).

[47]The amici pirates argue that if the judgment below is affirmed, they will face the "burden" of defending themselves against lawsuits in fifty states. It would be just as logical to argue that there should be no state criminal laws at all because criminals who break the law in more than one state will have to answer for their crimes in each state. Moreover, the pirates themselves do not fear litigation; they have been most energetic in forming associations and bringing numerous lawsuits against record companies and state law enforcement officials to have their piracy declared legal. See, for example, *TIAA v. Younger; International Tape Mfgs. Ass'n. v. Gerstein*, 344 F. Supp. 38 (S.D. Fla. 1972); *Independent Tape Merchant's Ass'n. v. Martin*, United States District Court for the Northern District of Texas, Dallas Division, Civil Action No. 3-5536-A; and *Independent Tape Merchant's Ass'n. v. Creamer*, United States District Court for the Middle District of Pennsylvania, Civil Action No. 72-73. In addition to lawsuits which various associations and groups of record pirates have brought, individual pirates have been active in filing lawsuits to have both state and federal anti-piracy laws declared invalid. See *Tape Head Co. v. RCA Corp.*, 452 F.2d 816 (10th Cir. 1971), in which two tape pirates filed a class action on behalf of all tape pirates against four record companies to enjoin them from bringing any action in any state court to enjoin piracy; *Shaab v. Kleindienst*, United States District Court for the District of Columbia, Civil Action No. 11-72, 174 U.S.P.Q. 197, in which a record and tape pirate filed an action against the Attorney General of the United States and the Librarian of Congress to enjoin implementation and enforcement of Public Law No. 92-140; and *Superior Sound Tape Corp. v. Morton*, United States District Court for the District of Columbia, Civil Action No. 139-72, in which a record and tape pirate filed an action against the Attorneys General and District Attorneys of the states of Texas, California and New York to enjoin enforcement of those states' anti-piracy laws.

passage of the bill which became Public Law No. 92-140:

> "The record industry, taken as a whole is a highly competitive industry. There is ease of entry; there are a lot of small companies.
>
> "If someone can come in, and legally skim off the hits, who is going to suffer, the small company or the large company? And if it is the small company that suffers from the lack of Federal legislation, then it would seem to me that the effect of the bill would be to promote competition rather than monopoly." *Hearings on S. 646 and H.R. 6927 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 92d Cong., 1st Sess. 20 (1971).

That the prohibition of piracy does not encourage monopoly or restrict competition was recognized by the Senate Judiciary Committee in rejecting the arguments of the pirates who have filed an amicus brief that phonograph records should be subject to compulsory license provisions (similar to those of Section 1(e) of the Copyright Act with respect to the mechanical reproduction of musical compositions):

> "The committee sees no valid parallel. By the mechanical royalty the record company in effect receives the right to make use of raw material—in this instance a copyrighted song. The record label, the performing artist, musicians, and arrangers develop this song into the finished product—the recorded song. The committee sees no justification for the granting of a compulsory license to copy the finished product, which has been developed and promoted through the efforts of the record company and the artists. Any un-

> authorized manufacturer who wishes to produce a record containing the same songs may do so by paying the mechanical royalty and making the same investment in production and talent as is being done by the authorized record companies." S. Rep. No. 92-72, 92d Cong., 1st Sess. 6 (1971).

The damaging effects of piracy on consumers and on free competition were recognized by the court in *Shaab v. Kleindienst,* 174 U.S.P.Q. 197, 198 (D.D.C. 1972) in rejecting the pirate's argument that the failure to include a "compulsory licensing" provision in Public Law No. 92-140 was "an invidious discrimination" against pirates:

> "Consumer choices would not be broadened since identical interpretations would be supplied first by the originator and later by the licensee. Equally important, competition and the creative aspects of the industry would be impaired since established recording firms would be discouraged from investing in new arrangements and performers, if they were compelled to license their successful interpretations to those desiring to take advantage of the originator's initiative and to add nothing themselves."

Piracy is a problem of international proportions. Every country in the world with an advanced music culture and a developed legal system affords some method of protection against duplication of the existing body of sound recordings. See generally: Ringer, *The Unauthorized Duplication of Sound Recordings at* 38-44; the summaries contained in *Copyright Laws and*

Treaties of the World, published jointly by the United Nations Educational, Scientific and Cultural Organization and The Bureau of National Affairs, Inc. (1972), and in Bogsch, *The Law of Copyright Under the Universal Convention* (1968); Copinger and Skone James, *Copyright* 272-93 (9th ed. 1958). In October, 1971 there was an international diplomatic conference which drafted a new international convention for the protection of producers of records (referred to in the draft treaty as "phonograms") against unauthorized duplication. See Kaminstein, "Convention For The Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms", 19 *Bull. Copy. Soc'y.* 175 (1972).

Petitioners' arguments that if Section 653h is valid owners of recorded performances will have a "perpetual monopoly" in their performances is patently specious in any sense other than that in which the owner of any object, such as an automobile or a piece of jewelry, has a "perpetual monopoly" in that object. The common law protection which has long been recognized for "unpublished" works is by its nature for an unlimited time; the existence of such protection under state law does not in any way conflict with the constitutional limitation on *federal* copyright protection which must be for "limited times". See Kalodner and Vance, Jr., *The Relation Between Federal and State Protection of Literary and Artistic Property*, 72 Harv. L. Rev. 1079, 1085 (1959) and Comment, *Performers' Rights and Copyright: The Protection of Sound Re-*

cordings From Modern Pirates, 59 Calif. L. Rev. 548, 563-64 (1971).

Petitioners conclude their brief by suggesting that perhaps there should be no protection at all for sound recordings, citing Breyer, *The Uneasy Case For Copyright: A Study of Copyright in Books, Photocopies and Computer Programs,* 84 Harv. L. Rev. 281 (1970). Professor Breyer's arguments are not new. Professor Chafee refuted similar arguments by remarking that they seemed to him "based on a dislike of the whole system of private property. If you really want to abolish all ownership, well and good, but why single out two types [patent and copyright] for special destruction?" Chafee, *Reflections on the Law of Copyright,* 45 Colum. L. Rev. 503, 510 (1945). Breyer's article has been directly refuted in Tyerman, *The Economic Rationale For Copyright Protection For Published Books: A Reply to Professor Breyer,* 18 U.C.L.A. L. Rev. 1100 (1971).

The House Judiciary Committee has stated that "[t]he dual purposes of copyright protection, to stimulate authors to create and to reward them for their efforts, are of fundamental importance . . . ." H.R. Rep. No. 2237, 89th Cong., 2d Sess. 32 (1966). Congress in enacting Public Law No. 92-140 has expressed its intention and will that those whose genius and capital created the existing catalogue of sound recordings should reap their just rewards from the exploitation of this body of artistic achievement. This Court and the lower federal courts have always held that if at all possible, statutes should be read in such a way as to avoid forfeitures. *Washingtonian Publishing Co. v. Pearson,* 306 U.S. 30, 42 (1939); *Hirshon v. United Artists Corp.,* 243 F.2d 640, 644 n. 8 (D.C.

Cir. 1957); *Warner v. United States,* 301 F.2d 327, 329 (Ct. Cl. 1962); and this Court has recently recognized that the right to enjoy property is one of the essential civil rights and liberties guaranteed by the Constitution, *Lynch v. Household Finance Corp.,* .... U.S. ...., 31 L. Ed. 2d 424, 430-31 (1972). Petitioners want this Court to disregard all these principles and, without serving any public purpose, to disregard the intention and will of Congress, to defeat the purpose of the Copyright Act, and to forfeit long-existing and established property rights.

Conclusion.

The Chief Justice has accurately written that the unauthorized duplication of phonograph records "has been described as 'piracy', but . . . might better be described by other terms connoting larceny . . . ." *Shapiro, Bernstein & Co. v. Remington Records, Inc.,* 265 F.2d 263, 269 (2d Cir. 1959). Section 653h of the California Penal Code is an appropriate state regulation of such larceny which in no way conflicts with federal policy or federal law. Respondent respectfully urges that the judgment below upholding that section is correct and should be affirmed.

Respectfully submitted,

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EXHIBIT "1."

17 U.S.C. Section 2 (1970).

§ 2. *Rights of author or proprietor of unpublished work*

Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor. July 30, 1947, c. 391, § 1, 61 Stat. 652.

EXHIBIT "2."

Cal. Stats. 1968, Ch. 585, Sections 1 and 2.

CHAPTER 585

An act to add Section 653h to the Penal Code, relating to sound recordings.

[Approved by Governor July 16, 1968. Filed with Secretary of State July 16, 1968.]

The people of the State of California do enact as follows:

Section 1. Section 653h is added to the Penal Code, to read:

653h. (a) Every person is guilty of a misdemeanor who:

(1) Knowingly and willfully transfers or causes to be transferred any sounds recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with intent to sell or cause to be sold, or to use or cause to be used for profit through public performance, such article on which such sounds are so transferred, without the consent of the owner.

(2) Sells any such article with the knowledge that the sounds thereon have been so transferred without the consent of the owner.

(b) As used in this section, "person" means any individual, partnership, corporation or association; and "owner" means the person who owns the master phonograph record, master disc, master tape, master film or other device used for reproducing recorded sounds on phonograph records, discs, tapes, films or other articles on which sound is recorded, and from which the transferred recorded sounds are directly or indirectly derived.

(c) This section shall neither enlarge nor diminish the right of parties in private litigation.

(d) This section does not apply to any person engaged in radio or television broadcasting who transfers, or causes to be transferred, any such sounds (other than from the sound track of a motion picture) intended for, or in connection with, broadcast transmission or related uses, or for archival purposes.

Sec. 2. If any provision of this act or the application thereof to any person or circumstances is held invalid as being unconstitutional or preempted by federal law, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Public Law 92-140
92nd Congress, S. 646
October 15, 1971

An Act

To amend title 17 of the United States Code to provide for the creation of a limited copyright in sound recordings for the purpose of protecting against unauthorized duplication and piracy of sound recording, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 17 of the United States Code is amended in the following respects:

Sound recordings. Copyright. Limitations. 61 Stat. 652; 66 Stat. 752.

(a) In section 1, title 17, of the United States Code, add a subsection (f) to read:

"To reproduce and distribute to the public by sale or other transfer of ownership, or by rental, lease, or lending, reproductions of the copyrighted work if it be a sound recording: *Provided*, That the exclusive right of the owner of a copyright in a sound recording to reproduce it is limited to the right to duplicate the sound recording in a tangible form that directly or indirectly recaptures the actual sounds fixed in the recording: *Provided further*. That this right does not extend to the making or duplication of another sound recording that is an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording; or to reproductions made by transmitting organizations exclusively for their own use."

(b) In section 5, title 17, of the United States Code, add a subsection (n) to read:

"Sound recordings."

Copyright notice, form. 68 Stat. 1032.

(c) In section 19, title 17, of the United States Code, add the following at the end of the section: "In the case of reproductions of works specified in subsection (n) of section 5 of this title, the notice shall consist of the symbol Ⓟ (the letter P in a circle), the year of first publication of the sound recording, and the name of the owner of copyright in the sound recording, or an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner: *Provided*, That if the producer of the sound recording is named on the labels or containers of the reproduction, and if no other name appears in conjunction with the notice, his name shall be considered a part of the notice."

Notice, location.

(d) In section 20, title 17, of the United States Code, amend the first sentence to read: "The notice of copyright shall be applied, in the case of a book or other printed publication, upon its title page or the page immediately following, or if a periodical either upon the title page or upon the first page of text of each separate number or under the title heading, or if a musical work either upon its title page or the first page of music, or if a sound recording on the surface of reproductions thereof or on the label or container in such manner and location as to give reasonable notice of the claim of copyright."

Definitions.

(e) In section 26, title 17, of the United States Code, add the following at the end of the section: "For the purposes of this section and sections 10, 11, 13, 14, 21, 101, 106, 109, 209, 215, but not for any other purpose, a reproduction of a work described in subsection 5(n) shall be considered to be a copy thereof. 'Sound recordings' are works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture. 'Reproductions of sound recordings' are material objects in which sounds other than those accompanying a motion picture are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, and include the 'parts

Supra.

of instruments serving to reproduce mechanically the musical work', 'mechanical reproductions', and 'interchangeable parts, such as discs or tapes for use in mechanical music-producing machines' referred to in sections 1(e) and 101(e) of this title."

61 Stat. 652. 17 USC 1.

SEC. 2. That title 17 of the United States Code is further amended in the following respect:

In section 101, title 17 of the United States Code, delete subsection (e) in its entirety and substitute the following:

Infra. Copyrighted music, unauthorized use. 61 Stat. 661.

"(e) INTERCHANGEABLE PARTS FOR USE IN MECHANICAL MUSIC-PRODUCING MACHINES.—Interchangeable parts, such as discs or tapes for use in mechanical music-producing machines adapted to reproduce copyrighted musical works, shall be considered copies of the copyrighted musical works which they serve to reproduce mechanically for the purposes of this section 101 and sections 106 and 109 of this title, and the unauthorized manufacture, use, or sale of such interchangeable parts shall constitute an infringement of the copyrighted work rendering the infringer liable in accordance with all provisions of this title dealing with infringements of copyright and, in a case of willful infringement for profit, to criminal prosecution pursuant to section 104 of this title. Whenever any person, in the absence of a license agreement, intends to use a copyrighted musical composition upon the parts of instruments serving to reproduce mechanically the musical work, relying upon the compulsory license provision of this title, he shall serve notice of such intention, by registered mail, upon the copyright proprietor at his last address disclosed by the records of the copyright office, sending to the copyright office a duplicate of such notice."

Notice.

Effective dates.

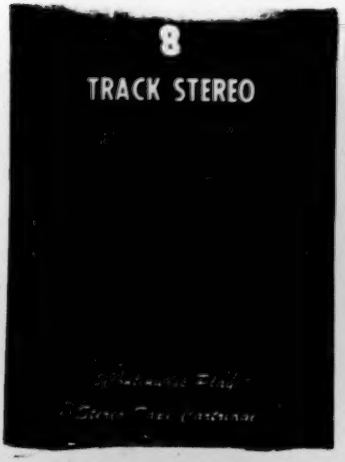
SEC. 3. This Act shall take effect four months after its enactment except that section 2 of this Act shall take effect immediately upon its enactment. The provisions of title 17, United States Code, as amended by section 1 of this Act, shall apply only to sound recordings fixed, published, and copyrighted on and after the effective date of this Act and before January 1, 1975, and nothing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act.

Approved October 15, 1971.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 92-487 (Comm. on the Judiciary).
SENATE REPORT No. 92-72 (Comm. on the Judiciary).
CONGRESSIONAL RECORD, Vol. 117 (1971):
Apr. 29, considered and passed Senate.
Oct. 4, considered and passed House, amended.
Oct. 6, Senate agreed to House amendments.

GPO 85-139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TRACK STEREO

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TRACK STEREO

Music
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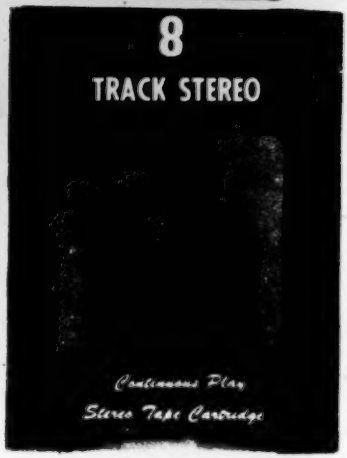
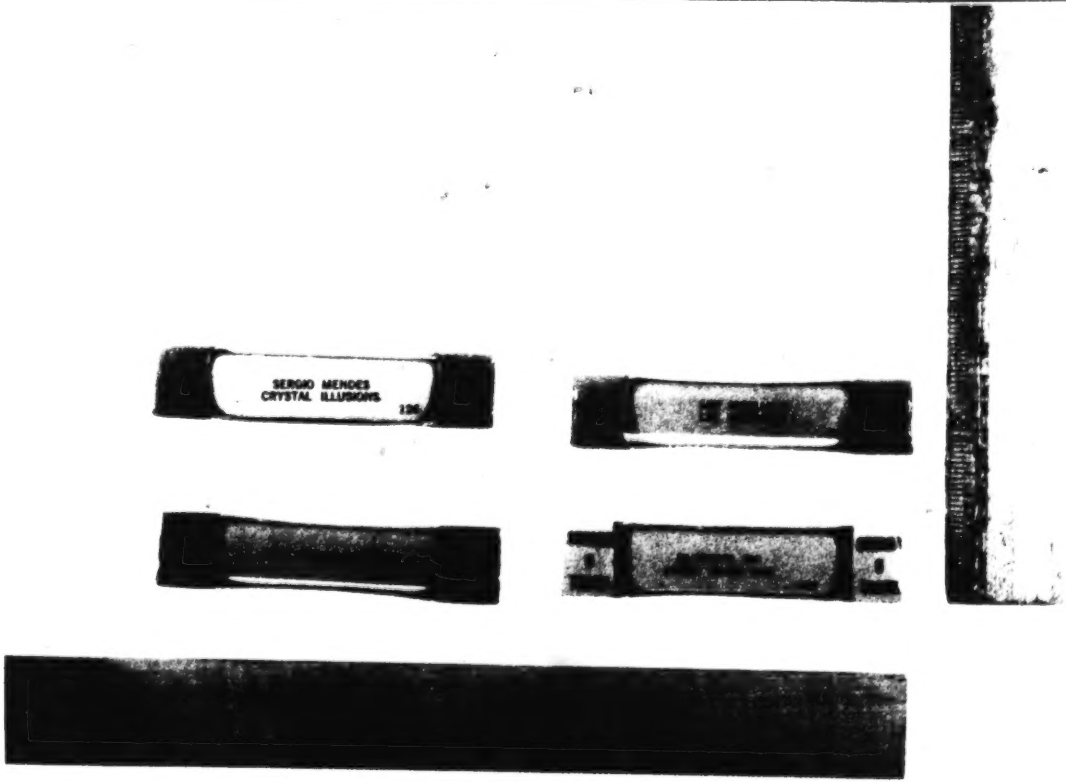
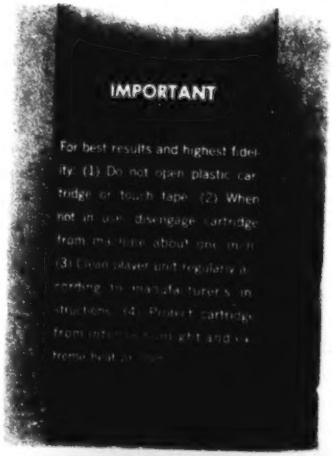

8
TRACK STEREO
Continuous Play
Stereo Tape Cartridge


SERGIO MENDES
CRYSTAL ILLUSIONS


IMPORTANT
For best results and highest fidelity (1) Do not open plastic cartridge or touch tape. (2) When not in use, disengage cartridge from machine about one inch. (3) Clean player unit regularly according to manufacturer's instructions. (4) Protect cartridge from intense light and extreme heat or cold.

IMPORTANT

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Affidavit of Sanford I. Wolff, Record at 21-24.

Affidavit of Henry Kaiser, Record at 25-26.

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Affidavit in Opposition of Jack Grossman (and exhibits), Record at 32-51.

Affidavit of Walter L. Dean, Record at 57-62.

Affidavit of Rocco M. Laginestra, Record at 63-67.

Affidavit of Paul M. Wolsk, Record at 72-76.

Portions of Pre-Trial Conference Statement, Record at 387-397 (Handwritten Additions Reflect Amendments Made by Trial Judge in Open Court).

F. As used in these stipulated facts, the words "master" or "master recording" include any and all of the following: master phonograph record, master disc, master tape, master film, or other device used for reproducing recorded sounds on phonograph records, discs, tapes, films or other articles on which sound is recorded and from which the transferred recorded sounds are directly or indirectly derived.

G. Insofar as is relevant and material to this action, the business in which each of the individual plaintiffs is engaged is conducted as follows:

1) Plaintiffs purchased on the open market long playing phonograph records which have been manufactured and sold through the usual commercial channels by commercial record companies. Those phonograph records contain recorded performances of musical compositions by recording artists or groups of artists and by supporting musicians and in some cases by supporting vocalists. Those records are commercially available to the public through various retail outlets. The record companies which manufacture and sell those records have by contract acquired all rights and consents of such artists, musicians, vocalists and any other persons from whom such rights or consents must be obtained to sell those records in the manner hereinabove described. The record companies which manufacture and sell those records commercially exploit them and expend great efforts and substantial sums of money for such commercial exploitation. Some of those records have substantial gross sales and an album which is very popular may have gross sales in excess of one million dollars. There are affixed to each of those records and to each of the packages in which they are sold labels

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Not Stipulated by Pltffs, but no offer of proof to contrary - facts now if controverted - subj. to reliance by Pltff

which state the title or name of the album, the name of the recording artist or group of artists whose recorded performances are embodied therein, and the name of the record company. Such phonograph records are generally referred to as "albums". An album is a phonograph record which usually contains from 10 to 12 recorded performances of one artist or group of artists and which is usually played at a speed of 33-1/3 rpm. The name or title of the album is designated by the record company and often is the name or title of one of the musical compositions of which a recorded performance is embodied in that album.

ditto 4/20/70 Att

2) Plaintiffs use various mechanical and electronic devices to transfer the exact sounds recorded on each album (which sounds comprise the exact recorded performances embodied on that album) to magnetic tapes which plaintiffs then package in plastic cartridges. Plaintiffs sell those cartridge-enclosed tapes of the recorded performances transferred from the album both at wholesale and at retail for a profit. Such cartridge-enclosed tapes are known commercially and to the general public as "tape cartridges" or, simply, "cartridges".

"copy by transferring" language inserted upon by Pltff in lieu of "transfer" language inserted upon by Def

Att 4/21/70

3) Plaintiffs sell tapes and cartridges which they make in the aforesaid manner in interstate commerce, and use the United States mail to advertise such tapes and cartridges, to solicit customers of such tapes and cartridges and to ship such tapes and cartridges to such customers.

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4) Tape cartridges are presently manufactured and sold in two configurations: "4 track" and "8 track". Some commercial record companies or their licensees who manufacture authorized tapes (as that term is hereinafter defined) manufacture cartridges in both configurations and a few on "8 track" only. However, at this time the trend in the record industry is moving away from the "4 track" configuration to the "8 track" configuration. Plaintiffs also make both "4 track" and "8 track" tapes. Plaintiffs transfer onto "4 track" tapes some recorded performances which are not available in authorized tapes of that configuration.

5) Plaintiffs Pressman and Koven transfer onto tapes recorded performances contained in albums which have had great commercial success. Plaintiffs Holmquist transfer onto tapes recorded performances from albums which have had great commercial success and also transfer onto tapes recorded performances from some albums which have had lessor commercial success. ~~when there is a demand for such tapes.~~

6) Plaintiffs affix to each tape cartridge containing recorded performances which plaintiffs have transferred from a record album in the manner described above, a label which states the title or name of the record album from which that tape has been transferred and the name of the recording artist or group of artists whose recorded performances have been transferred onto that tape. Each such tape cartridge also contains a label which states the following:

"No relationship of any kind exists between

[plaintiffs] and the original recording company nor between this recording and the original recording artist. This tape is not produced under a license of any kind from the original company nor the recording artist(s) and neither the original recording company nor artist(s) receives a fee or royalty of any kind from [plaintiffs]. Permission to produce this tape has not been sought nor obtained from any party whatsoever."

7) Plaintiffs do not seek or obtain the consent of any of the record companies which manufacture the albums, or the consent of the owners of the master recordings used to manufacture those albums, or the consent of any of the performers, musicians or vocalists whose performances have been recorded on such master recordings or albums, to transfer the sounds comprising such recorded performances or to sell tapes of those recorded performances.

Par. 8 Eff. Object Irrelevant Overruled HH 4/20/70

8) In connection with the tapes which plaintiffs manufacture and sell as herein described, plaintiffs do not employ, or make any payments to, any person included within or who is a member of any of the following classes or groups of persons:

(a) Record companies or owners of master recordings;

(b) Recording artists, that is, persons who perform as vocalists or lead musicians in the pro-

duction of recorded performances;

(c) Musicians who render services in connection with the production of recorded performances;

(d) Technicians of any kind or engineers who render services in connection with the production of recorded performances;

(e) Pension funds, welfare funds, or any trust funds established by or in any way connected with any labor union or organization, or any organization of musicians or any organization of performers;

(f) Owners or suppliers of recording studios or other facilities or equipment used in the production of recorded performances.

9) Plaintiffs incur costs in transferring recorded performances onto tapes and in selling tapes containing such recorded performances as follows:

(a) Purchase or rental of the mechanical and electronic equipment used to transfer recorded performances from albums to tapes;

(b) Purchase of tape, blank cartridges, labels and other materials and supplies;

(c) Payment of one or more persons (or the value of their own time) to operate the machine used to transfer the recorded performances, to

splice and assemble tapes containing the transferred recorded performance, to control quality, to ship; and

(d) Costs of making sales.

H. The payment or non-payment of royalties to the proprietors of copyrights of musical compositions is not relevant to any issue or question before the court in this action and neither plaintiffs nor defendants shall attempt to offer or introduce any evidence on that subject. Plaintiffs and defendants further stipulate that none of them shall attempt to offer or introduce any evidence in this action with respect to plaintiff TIAA.

I. There is no prosecution for violation of Section 653(h) of the California Penal Code presently pending by the office of the District Attorney of the County of Los Angeles or by the office of the City Attorney of the City of Los Angeles against any plaintiff in this action or against any other person. No such prosecution has ever been initiated to the date hereof.

J. If a complaint or request for complaint is presented to the appropriate member of the staff of the District Attorney or the City Attorney against the individual plaintiffs herein and such complaint or request for complaint presents the facts which are now known to the District Attorney and the City Attorney, including the facts derived from this lawsuit, the office of the District Attorney or the office of the City Attorney would issue a criminal complaint charging the individual plaintiffs with violation of Section 653(h) of the California Penal Code if, in their discretion, they believe that there is evidence to establish beyond a reasonable doubt each and every element of the offense defined by that section. From the effective date of Section 653(h) of the Penal

Pen. J. object by Pltffs-overruled - as to lines 30-32, only with "selection".

Code and to this date, no complaint or request for complaint under Section 653(h) has been made to the office of either the District Attorney or the City Attorney against any plaintiff in this action or against any other person.

K. Defendants refuse to stipulate or state that they will not prosecute plaintiff for violating Section 653(h) of the California Penal Code based on the facts which they now know.

L. Insofar as they may be relevant and material to this action, the following facts pertain to the commercial record industry in the United States and the production, distribution and sale of recorded performances of musical compositions by commercial record companies.

1) A "musical composition" consists of a tune or melody (the music) which may or may not be accompanied by lyrics. There are an infinite number of arrangements and renditions of any one popular musical composition. A recorded performance of such a musical composition consists of one particular rendition by one particular artist or group of artists, usually with, but sometimes without, supporting musical or vocal accompaniment, of one particular arrangement of that musical composition. There may be many different recorded performances of a single musical composition, and of different arrangements of that composition, rendered by numerous different recording artists and sometimes even different versions of different arrangements rendered by the same recording artist. Such different recorded performances may have substantial variations and differences between them.

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2) The "albums" which have been referred to in this stipulation are long-playing disc phonograph records. In addition to the market for such albums there is at the present time in the United States a large market for pre-recorded tapes or tape cartridges of recorded performances of popular music. The record companies which manufacture and sell albums also either themselves manufacture or license others, for a fee, to manufacture pre-recorded tapes of the same recorded performances embodied on the albums which they manufacture and sell. (Such tapes are hereinafter referred to as "authorized tapes", since they are manufactured and sold either by the owner of the master recording or under license from that owner.) Authorized tapes are sold in packages which bear labels containing the name of the record company which manufactures and sells that album, the name or title of the album, and the name of the recording artist or artists whose performances are embodied therein.

3) There are at the present time at least 900 commercial record companies in operation in the United States. During 1968, which is the last year for which such figures are available, the sale of phonograph records by those record companies in the United States had a list price value of at least 860 million dollars. During the year 1968 at least 150 United States record companies licensed other persons to manufacture pre-recorded performances owned or manufactured and distributed by those record companies. In that year there were approximately 120 manufacturers of authorized tapes in the United States. The best estimates presently available are that in the year 1968 the sale of authorized tapes had a retail list value of at least 250 million dollars

4) The production of a master recording of a performance of a musical composition used to manufacture records and authorized tapes usually requires the services of the following persons: an arranger; copyists to prepare copies of the arrangement for all of the performers and musicians; the recording artist or group of recording artists; instrumental and vocal accompanists, including their leader; a producer; and sound engineers and technicians. The record company pays all of the foregoing persons for their services either at rates prescribed by applicable collective bargaining agreements with the several labor unions involved or at rates negotiated by the record companies with those persons. (Of course, in cases where there is an applicable union contract, the negotiated rates must be higher than those prescribed by that contract.) In addition to the foregoing costs, the record company incurs other costs in connection with creating a recording of a performance of a musical composition, such as, studio and equipment rental, and mastering, editing and other processing costs. Record companies also incur substantial expenses in manufacturing records and authorized tapes and in packaging, advertising, promoting and selling albums and authorized tapes.

5) The master recording of a popular song is produced in the following way in a recording studio. The recording artist or group of artists and the instrumental and vocal accompanists render many performances of the selected arrangement of that song. Each of those performances is electronically recorded on tape by the sound engineers and

technicians. The producer works with the recording artist or group to create and achieve the desired "sound" of that particular performance. The background music may be recorded at one or more recording sessions and the performance of the featured recording artist or group of artists may be recorded separately at other recording sessions. After recording is completed, the producer, the engineers and technicians, and sometimes the recording artist work together to combine and blend together the various taped performances or portions of those performances to create the final version of that performance as they wish it to sound on the records sold to the public. The entire process takes many hours or even days or weeks to complete. Since an album ordinarily consists of from 10 to 12 different recorded performances, this process is necessarily repeated for each recorded performance embodied on the album.

6) Record companies also incur the following additional costs in connection with the manufacture and sale of phonograph records and authorized tapes: royalties to the recording artist or artists; royalties to the several trust funds which have from time to time been established by agreements between the record companies and the American Federation of Musicians; royalties to the separate trust funds established by agreement between the record companies and the American Federation of Television and Radio Artists; and frequently, royalties to the producer of the recorded performance. The record company is additionally obligated to make separate payments or contributions to various pension funds and other funds which have from time to time been established by agreements between the record companies and other applicable unions. Almost all, if not all, of

the foregoing royalty payments and contributions are based on the number of records and authorized tapes of each recorded performance manufactured and sold.

IV.

RESERVATIONS AS TO STIPULATED FACTS

A. Defendants contend that the facts set forth in each of the following paragraphs are not relevant to the issues in this action for the reasons stated:

1) Paragraph III G(3), for the reason that the means, methods or avenues used by plaintiffs to sell duplicated tapes of recorded performances is not relevant to the legality of plaintiffs' making and selling such tapes. Defendants contend that plaintiffs' conduct amounts to theft and that plaintiffs cannot validate that theft by claiming that they sell the stolen article in interstate commerce or through the mails.

2) Paragraph III G(4), for the reason that the configuration in which plaintiffs make tapes containing duplicated recorded performances is irrelevant to this action; for the reason that whether there are authorized tapes available in a particular configuration of a particular recorded performance is not relevant to the legality of plaintiffs' unauthorized transferral of recorded performances onto tapes; and for the reason that whether there is any demand for plaintiffs' duplicated tapes is not relevant to the legality of their

Stipulation and Order Pursuant to Minute Order of April 27, 1970, Record at 420-423.

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FILED
MAY 4 1970
CLERK, U. S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
BY [illegible] DEPUTY

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CLERK, U. S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

TAPE INDUSTRIES ASSOCIATION OF AMERICA, etc., et al., Plaintiffs, vs. EVELLE J. YOUNGER, District Attorney, et al., Defendants.	NO. 68-1938-AAH and ORDER STIPULATION PURSUANT TO MINUTE ORDER OF APRIL 27, 1970

IT IS HEREBY STIPULATED AND AGREED by and between the undersigned, attorneys of record for all plaintiffs and all defendants in this action that the following facts are the facts which the court requested pursuant to the minute order filed in this action on April 27, 1970:

Plaintiffs purchase a phonograph record album (as defined in the Pre-Trial Conference Order) on the open market. That record album is placed on a record player (a turntable with a playing arm and amplifier) which is in turn connected to a tape recorder. That record is played on the record player so connected, and a tape recording is thereby made of that record. After that tape recording has been made in that fashion the tape containing it is placed on a machine which is known as a "tape playback deck". That tape playback deck is connected to machines (known as "tape slaves") which can in turn make other tape recordings of the sounds embodied on the tape which has been made from the record album. A large number of tape slaves may be connected to one tape playback deck so that a number of tape recordings may be made at one time. The number of tape slaves which are actually used depends upon the number of tapes which the plaintiffs desire to make at any one time. After tape recordings have been made by use of the tape playback deck and the tape slaves, each of the tape recordings which has been made on the tape slaves is placed on a hub. Each hub and tape is placed into a plastic cartridge, and the tape is spliced together so that it forms a continuous "loop" in the cartridge. The cartridge is sealed, tested, packaged and labeled with the labels described in paragraph III G (6) on pages 6 and 7 of the Pre-Trial Conference Order.

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The Pre-Trial Conference Order shall be deemed amended to include the foregoing facts.

Dated: April 30, 1970.

BEARDSLEY, HUFSTEDLER & KEMBLE
CHARLES E. BEARDSLEY
ARTHUR LEEDS

By _____
ARTHUR LEEDS
Attorneys for Plaintiffs

JOHN D. MAHARG, County Counsel
ROBERT C. LYNCH, Assistant County Counsel

By _____
ROBERT C. LYNCH

MITCHELL, SILBERBERG & KNUPP
HOWARD S. SMITH

By _____
HOWARD S. SMITH
Attorneys for Defendant, Evelle J. Younger, District Attorney of the County of Los Angeles

ROGER ARNEBERGH, City Attorney
PHILIP E. GREY, Assistant City Attorney

By _____
PHILIP E. GREY
Attorneys for Defendant, Roger Arnebergh, City Attorney of the City of Los Angeles

IT IS SO ORDERED THIS 4th DAY OF May, 1970.

_____
A. ANDREW HAUK
United States District Judge

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April 30, 1970

Mr. Edward J. Maldonado
Deputy Clerk of the
United States District Court
Central District of California
312 North Spring Street
Los Angeles, California

Re: Tape Industries Association of America, et al., vs. Evelle J. Younger, District Attorney, et al., Case No. 68-1938-AAH

Dear Mr. Maldonado:

We are causing to be delivered to you herewith the original and three copies of a stipulation which all counsel have entered into, pursuant to the minute order of Judge Hauk. Would you please present this stipulation to Judge Hauk at the earliest possible time and inquire of him if he is satisfied with the stipulation and if he believes that it adequately and clearly discloses the facts to which he requested the parties stipulate.

All counsel shall be happy to do the utmost to clarify the stipulation if Judge Hauk believes that it needs clarification.

Please call to Judge Hauk's attention the fact that the enclosed stipulation provides for amendment of the Pre-Trial Conference Order and thus requires his approval. A place has been provided for his signature.

Very truly yours,

Arthur Leeds

Robert C. Lynch

Howard S. Smith

Philip E. Grey

HSS:jym

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Affidavit of Melvin Lewinter, Record at 597-599.

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FILED

JUN 19 1970

CLERK, U. S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

TAPE INDUSTRIES ASSOCIATION OF AMERICA, a California corporation, et al,	)	
Plaintiffs,	)	NO. 68-1938-AAH
vs.	)	
EVELLE J. YOUNGER, District Attorney, County of Los Angeles, et al,	)	
Defendants.	)	

AFFIDAVIT OF MELVIN LEMINTER

CONTROLLER OF ATLANTIC RECORDING CORPORATION

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss:

MELVIN LEVINTER, being duly sworn, deposes and says:

I am the controller of Atlantic Recording Corporation, of 1841 Broadway, New York, New York (hereinafter called "Atlantic").

1. In this capacity, I am familiar with Atlantic's books and records.

2. The album by Crosby, Stills and Nash, SD 8229, has been on the Billboard charts for forty-six (46) consecutive weeks, and at its peak reached the Number 6 position on that chart.

3. Gross sales by Atlantic in the United States, of this album in disc form are in excess of 1,100,000 copies through March 31, 1970. Gross sales of this album by Atlantic in the United States in the form of pre-recorded tape are in excess of 100,000 copies through March 31, 1970; while Atlantic's licensee, Ampex Corporation, had sales in excess of 70,000 copies through December 31, 1969.

4. The cost of recording said album was approximately $30,000.00.

5. The costs of advertising and promoting this album are estimated at being between $20,000.00 and $30,000.00. Atlantic's costs for manufacturing discs and pre-recorded tapes

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of this album exceed $600,000.00. Payments to publishers and writers of the music contained in these albums based upon the aforesaid sales amounts to over $250,000.00. Gross earnings by the performing artist as a result of these records are in excess of $500,000.00.

MELVIN WINTER

Sworn to before me this 25th day of May, 1970.

NOTARY PUBLIC

MYRON S. MAYER
NOTARY PUBLIC, State of New York
No. 31-7778050
Qualified in New York County
Term Expires March 30, 1972

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Testimony of Murray Gitlan, Reporters Transcript at 45-59.

been before you two counsel for a long time. Then let's not get into any harangue about this thing at this time.

MR. SMITH: Your Honor, may I at this time call one witness, Mr. Murray Gitlan?

JUDGE TRASK: Mr. Gitlan, step forward, please.

MURRAY GITLAN,

called as a witness by and in behalf of the defendants, having been first duly sworn, was examined and testified as follows:

THE CLERK: Please be seated. State your name for the record, please, and spell your last name.

THE WITNESS: Murray Gitlan, G-i-t-l-a-n.

DIRECT EXAMINATION

BY MR. SMITH:

Q Mr. Gitlan, what is your present occupation?

A I'm the controller of Warner Bros. Records.

Q How long have you been so employed?

A Approximately seven years.

Q And is it one of the duties of your job to be in charge of the various bookkeeping records of Warner Bros. Records?

A Yes.

Q Those records are maintained now on computers, are they not?

A For the most part.

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Q Mr. Gitlan, there is in evidence a recording of "The Association". Have you seen that album before?

A Yes.

MR. SMITH: May I approach the witness, your Honor?

JUDGE TRASK: Yes.

MR. SMITH: I will give you, Mr. Gitlan, another pressing of that album so you can have it in front of you when you testify.

JUDGE HAUK: You are talking about Exhibit E?

MR. SMITH: Yes, your Honor.

THE CLERK: Exhibit D.

JUDGE HAUK: What are we talking about? My clerk says it's Exhibit D. Which exhibit is it? Mine shows E. Mr. Clerk, let's get it straight.

MR. SMITH: It says Exhibit D. I switched labels.

JUDGE HAUK: D is "Crosby, Stills & Nash."

THE CLERK: Counsel had switched labels.

MR. SMITH: This is E and this was D (indicating). This is D, your Honor.

JUDGE TRASK: What is this?

MR. SMITH: "The Association."

JUDGE HAUK: I have D marked as "Crosby, Stills & Nash" and it conforms to A. Let's get it straight.

JUDGE TRASK: That's the way I have it.

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MR. LEEDS: That's the way I have it also, your Honor.

JUDGE HAUK: And I have marked as E "The Association" which conforms to Exhibit B.

JUDGE WHELAN: Will the clerk then conform the marking to the record?

THE CLERK: Yes, sir.

JUDGE HAUK: Strike out the others and get those stickers off of there. Get the old stickers off, Mr. Smith.

MR. SMITH: It's coming off, your Honor. It's coming off.

JUDGE TRASK: Now in order to get the record straight, when your adjustments have been made, Exhibit A is a tape duplication by Koven of "Crosby, Stills & Nash"; is that correct?

MR. SMITH: I believe that is correct, your Honor.

JUDGE TRASK: And Exhibit D is the disc phonograph record which was made from tape A; is that correct?

MR. SMITH: Yes, sir.

Q Referring you, Mr. Gitlan --

JUDGE TRASK: Just a minute. And B and E are now the counterparts of each other, the related documents, or exhibits, B and E?

MR. SMITH: That's correct, your Honor.

JUDGE TRASK: All right, proceed then.

BY MR. SMITH:

Q Mr. Gitlan, directing your attention, sir, to Exhibit E in evidence, a duplicate of which is before you, what is the Warner Bros.'s catalogue number of that record?

A The disc? WS 1800.

Q All right. Will you tell me, sir, does Warner Bros. records have in its bookkeeping and accounting records informations for a six-month period ending March 31, 1970, with respect to the sales of this disc?

A Yes.

Q What were the sales figures, sir?

A Approximately $549,000.

Q For just that six-month period?

A Yes.

Q Do the accounting and bookeeping records of Warner Bros. Records show how much the costs to produce the master from which this album was produced were?

MR. LEEDS: Objection, your Honor. The cost to produce is not an issue here.

JUDGE TRASK: Overruled.

THE WITNESS: The cost to produce said master was $71,000.

BY MR. SMITH:

Q Does Warner Bros. have bookkeeping and accounting records which indicate for the six-month period ending March

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31, 1970, what its total wholesale value of phonograph records manufactured and sold by Warner Bros. was?

MR. LEEDS: Objection, your Honor. Now we're getting to the question of all the value of records that are sold by Warner Bros.

JUDGE TRASK: Overruled.

THE WITNESS: The answer to that is sixteen million dollars.

BY MR. SMITH:

Q You are rounding off, I take it, to the nearest million?

JUDGE HAUK: When you say "value", you mean income?

MR. SMITH: The wholesale --

THE WITNESS: No, your Honor, this is net sales.

JUDGE HAUK: Net sales of all your records. All right.

BY MR. SMITH:

Q At wholesale; is that correct?

A That's correct.

JUDGE WHELAN: For a six-month period?

THE WITNESS: Yes.

BY MR. SMITH:

Q What do the bookkeeping and accounting records of Warner Bros. records, Inc. show as the total cost of producing the masters?

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MR. LEEDS: Objection, your Honor, irrelevant -- excuse me. I'm sorry.

JUDGE TRASK: Make your objection.

MR. LEEDS: I don't know if counsel is finished.

MR. SMITH: That's all right.

MR. LEEDS: Objection is immaterial and irrelevant.

JUDGE TRASK: Overruled.

BY MR. SMITH:

Q The total cost for making all masters and state the period of time to which you are referring.

JUDGE HAUK: To this six-month period.

THE WITNESS: Yes. One million six hundred thousand dollars.

BY MR. SMITH:

Q That's the cost incurred by Warner Bros. in that six-month period to produce masters from which records are made; is that correct?

A That's correct.

Q What, sir, were the total advertising expenditures by Warner Bros. records in connection with the Warner's and Reprise labels for this six-month period?

MR. LEEDS: Objection, your Honor; irrelevant and immaterial.

JUDGE TRASK: Overruled.

THE WITNESS: One million one hundred thousand

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dollars.

JUDGE WHELAN: That's from all of your records?

THE WITNESS: That's correct, your Honor.

BY MR. SMITH:

Q Do you keep --

A It includes all forms of advertising.

Q Mr. Gitlan, you don't keep advertising expenditures by record, do you?

JUDGE WHELAN: By individual records, you mean?

MR. SMITH: Yes.

THE WITNESS: Yes, the answer to that is we attempt to. We attempt to recapture some of the direct advertising and promotion, not by record but by artist.

So actually I would not be in a position to state the amount of advertising that we have expended on that particular album.

JUDGE HAUK: On that particular album meaning Exhibit E?

MR. SMITH: Exhibit E, yes.

Q Do you have available, sir, information which would indicate whether or not this particular album, Exhibit E, was ever on the "Billboard" top one hundred chart?

MR. LEEDS: Objection, your Honor, as irrelevant and immaterial.

JUDGE TRASK: Overruled.

BY MR. SMITH:

Q You may answer, Mr. Gitlan.

A Yes, I believe that the "Billboard" has already been submitted, has it not?

Q No, I'm asking you, sir, if at any time this record was ever on the "Billboard" top one hundred chart?

A Oh, yes.

JUDGE HAUK: When was that, within the last year?

THE WITNESS: Yes.

BY MR. SMITH:

Q This record, "The Association", Exhibit E was first released in August, 1969; is that correct, sir?

A Yes.

Q So your sales figures which you gave us in the prior part of your testimony don't cover all sales of the record, but only those made within the last six months; is that correct?

A Well, the last six months really started September 1st and the record was released in very late August. I would think that it substantially covered most of those sales.

JUDGE WHELAN: Up to March?

THE WITNESS: That's correct.

JUDGE WHELAN: Or through March?

THE WITNESS: Up through March.

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BY MR. SMITH:

Q Through the end of March, Mr. Gitlan?

A Yes.

MR. SMITH: Fine. No further questions, your Honor.

JUDGE TRASK: Cross.

MR. LEEDS: Yes, your Honor.

CROSS EXAMINATION

BY MR. LEEDS:

Q Mr. Gitlan, you testified, I believe, that the cost to produce the master of the record was $71,000. Could you tell us what items you are including in that cost, please?

A Yes. I would say that would include the musicians' salaries, arrangers' salaries. That would include all studio time and related studio charges. It would include payments to producer, to copyists, et cetera.

Q I'm sorry. Copyists? I'm not sure I understand what that is.

A A copyist is an individual who takes material that has been arranged by an arranger and he copies it so that each of the musicians has his particular statement that he is about to play, his score.

Q Does the $71,000 figure, and I think the million six hundred thousand dollar figure which you gave us for

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the total costs of masters to produce, does that include royalties of any kind?

MR. SMITH: Objection, your Honor. Unless Mr. Leeds limits it to a kind of royalty, it gets beyond the scope of the pretrial conference order.

JUDGE TRASK: The objection will be overruled. Go ahead.

THE WITNESS: Would you repeat the question, please.

JUDGE HAUK: Does it include royalties?

THE WITNESS: No.

BY MR. LEEDS:

Q Now you say that there were gross sales of the record in question of "The Association", of five hundred and forty-nine thousand dollars. Do you know how many copies of the record that includes?

In other words, how many copies were sold?

A I would have to divide backwards now. I would say approximately two hundred and thirty thousand.

JUDGE WHELAN: The records were sold by your company -- the album was sold at something over $2.00 by your company per individual album?

THE WITNESS: That's correct.

BY MR. LEEDS:

Q So that we can, for our own sake, figure out how

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many album copies you sold. You said there were sixteen million dollars net sales. If we applied the $2.00 would it be correct in assuming that there were approximately eight million copies sold?

JUDGE WHELAN: You mean on all of the master records pressings?

MR. LEEDS: I don't think we are talking about the sale of master records, your Honor. We are talking about copies from that.

JUDGE WHELAN: I say of all the master records pressings.

MR. LEEDS: Yes, your Honor.

JUDGE WHELAN: First, are they all sold at the same price?

THE WITNESS: No.

BY MR. LEEDS:

Q Can you give us, roughly then, approximately how many record sales you have had during the past six months, the period in which you have been giving us figures for?

A I can make a guess.

JUDGE TRASK: An estimate, your best.

THE WITNESS: My estimate would be that there would be approximately six million albums and there would also approximately be about another three million singles, something of that nature.

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MR. LEEDS: I have no further questions.

JUDGE TRASK: Any further redirect?

REDIRECT EXAMINATION

BY MR. SMITH:

Q Mr. Leeds asked you if the cost of producing the master included any royalties and you answered in the negative. What did you understand the word "royalties" to mean?

A What did I --

Q When you answered that question in the negative, what was your understanding of the meaning of the word "royalties"?

A Well, my understanding of a royalty is an artist's participation in the unit sales, which I think is a percentage of retail or a unit rate per album.

Q Do you know, sir, if the record artists who were the featured artists of this album received some participation?

A Yes.

Q They do receive a participation?

A Yes.

Q All right. So Warner Bros. pays, in addition to the costs you have testified to, some sum to the artists as their share of the sales; is that correct?

A That's correct.

JUDGE WHELAN: And that's pursuant to a contract

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between the ASCAP or some other organization and the association of phonograph makers?

THE WITNESS: Pursuant to a contract: That's between the artist and Warner Bros.

MR. SMITH: The contract, your Honors, is between the recording artist and Warner Bros. And then Warner Bros., under the stipulated facts in the pretrial conference order, would make other payments to various labor organizations. And that's covered by the pretrial conference order. I don't intend to inquire of this witness on that subject.

No further questions, your Honors.

JUDGE HAUK: Let me ask you this: What do you estimate the so-called royalty to musicians was in addition to the $71,000 with respect to Exhibit E?

THE WITNESS: The amount that the record company would pay to the A.F. of M. Pension and Trust Fund. Is that the question?

JUDGE HAUK: And the artist in addition to that $71,000, roughly.

THE WITNESS: I would say that the combined total would be approximately a hundred thousand dollars.

JUDGE HAUK: You say an additional thirty thousand went to artists and the American Federation of Labor for sick benefits and pensions and so on?

MR. SMITH: Excuse me, your Honor, if I may --

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JUDGE WHELAN: Let's have his last answer read.

(Record read.)

JUDGE TRASK: Now Mr. Witness, would you please tell us what is the hundred thousand dollar payment, what is it for and who is it to, that you just testified are the royalties to the artists?

THE WITNESS: The A.F. of M. fund, you mean you want to break it down, split it?

JUDGE TRASK: Please.

THE WITNESS: I would say that probably about $12,000 would be to the A.F. of M. Fund and the balance would be to the artists.

JUDGE HAUK: What balance?

THE WITNESS: Eighty-eight thousand dollars, your Honor.

JUDGE HAUK: And that's all in addition to the seventy-one thousand you previously testified to as the cost of the master records?

THE WITNESS: That's correct.

JUDGE TRASK: Any further questions?

MR. SMITH: Yes, I just want to clear up the question of royalties.

Q You have now told us that $71,000 did not include royalties to artists. Did it include royalties to composers?

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A No.

MR. SMITH: I have no further questions.

MR. LEEDS: I have no further questions.

JUDGE HAUK: Can you give us an estimate on that in this Exhibit E how much was paid to composers?

MR. LEEDS: May I interject? The pretrial order does say that the question of royalties to composers is not relevant.

JUDGE HAUK: Yes, it's not an issue, that's true.

MR. SMITH: The only reason I asked was to find out if that was part of the $71,000. That was the only point of my question.

JUDGE HAUK: I'll withdraw my question.

JUDGE TRASK: Do you have any further questions, counsel?

MR. SMITH: We have no further questions.

THE COURT: You may step down, sir.

JUDGE TRASK: Mr. Smith, do you have any further evidence?

MR. SMITH: No further evidence, your Honor.

JUDGE TRASK: Then this concludes all of the preliminary evidence with respect to the matter at issue; is that correct?

MR. LEEDS: Yes, it does, sir, as far as I know.

JUDGE TRASK: And all evidence then is in with

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Affidavit of Sanford I. Wolff, Record at 21-24.

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT

OF UTAH, CENTRAL DIVISION

TAPE HEAD COMPANY, INC., a Utah corporation R.A. RIDGES DISTRIBUTING CO., INC., a Utah corporation, and all other persons IN A CLASS SIMILARLY SITUATED,	:	CIVIL ACTION NO. C-255-71
Plaintiffs,	:	AFFIDAVIT
-against-	:	
R C A CORPORATION, a/k/a RADIO CORPORATION OF AMERICA, a Delaware corporation, COLUMBIA BROADCASTING SYSTEM, INC., a New York corporation, AMERICAN BROADCASTING CO., INC. a New York corporation, and AMPEX CORPORATION, a California corporation,	:	
Defendants.	:	

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

SANFORD I. WOLFF, being duly sworn, deposes and says:

1. I am the National Executive Secretary of the American Federation of Television and Radio Artists (AFL-CIO), a labor organization which represents every vocal performer and recording artist, whether or not under contract to a record manufacturer, whose performance appears on records or tapes manufactured by the defendants and all other sound recording manufacturers.

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2. On behalf of the vocal performers and recording artists whose artistic efforts are incorporated in the sound recordings which have been and are being duplicated without authorization by tape and record pirates, we wish to call to the attention of the Court the grave harm and injustice being done these vocal performers and artists by the manufacture, distribution and sale of unauthorized duplications.

3. Recording artists and performers are directly and injuriously affected by the wide sale of unauthorized duplications of phonograph records and tapes in the following respects:

A. Vocal performers and recording artists frequently depend on large sales of their records and tapes for their income through royalties and fees for subsequent performances. Obviously they can and do receive credit only for the sales by the legitimate manufacturers and authorized duplicators as to which sales figures can be established. No payments whatsoever have been or are being received by these performers and artists from unauthorized duplicators.

B. The prestige and future earning capacity of vocal performers and recording artists are enhanced by and generally proportional to the large volume sales of their recordings by the record companies and, in particular, those sales which top the one million mark. The unauthorized duplicators

select only those recordings which are obviously successful or well on their way to success and thus siphon off a major part of the potential sales volume of legitimate manufacturers. In many instances the performers and recording artists do not thus get either remuneration for nor the prestige of having a million record or tape selling recording even though the combined sale of legitimate and pirated versions can be substantially above that figure.

C. The unauthorized duplicators of sound recordings, without permission of the performers and recording artists, appropriate and use on their illicit products not only the recorded sounds but the names and in some instances the pictures of those performers and recording artists. It is clear that without appropriating and using such names and pictures the unauthorized duplications will find no public acceptance whatever.

D. The bona fide record companies pursuant to their agreements with AFTRA pay a contribution equal to 6½% of the artist's earnings in the record industry to the AFTRA Pension and Welfare Funds. The AFTRA Pension and Welfare Funds are jointly administered by industry and Union Trustees and in

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order to qualify for benefits thereunder an artist must earn at least $1,000 per year in covered employment. The benefits to the artist and his family are exceedingly substantial and artists suffer irreparable harm if proper payments are not made to the Pension and Welfare Funds on their behalf so that they can qualify in time of need or want. Obviously the record pirates who illegally duplicate and sell records embodying the performances of the artist and do not pay to the AFTRA Pension and Welfare Funds are damaging the artists and their families most severely.

4. Were this Court to, in effect, give its sanction to the wrongful acts of unauthorized duplicators of sound recordings and the sellers thereof, the direct and indirect injury to the performers and recording artists of this country would be disastrous and irreparable. It is our view that the injunction sought herein by the plaintiffs would be most unjust and a most serious injury to the performers and recording artists whose artistic efforts are encompassed in the unauthorized duplications of their performances.

Sworn to before me this

day of November, 1971.

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Affidavit of Henry Kaiser, Record at 25-26.

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT

OF UTAH, CENTRAL DIVISION

TAPE HEAD COMPANY, INC., a Utah corporation R. A. RIDGES DISTRIBUTING CO., INC., a Utah corporation, and all other persons IN A CLASS SIMILARLY SITUATED, Plaintiffs, vs. R C A CORPORATION, a/k/a RADIO CORPORATION OF AMERICA, a Delaware corporation, COLUMBIA BROADCASTING SYSTEM, INC., a New York corporation, AMERICAN BROADCASTING CO., INC., a New York corporation, and AMPEX CORPORATION, a California corporation Defendants	CIVIL ACTION NO C-255-71 AFFIDAVIT

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

HENRY KAISER, being duly sworn, deposes and says:

1. I am the General Counsel of the American Federation of Musicians (hereinafter called"AFM"), a labor organization representing musicians throughout the United States and Canada.

2. The AFM has entered into collective bargaining agreements with all producers of phonograph records which embody the performances of musicians. As a result of such collective bargaining agreements, payments are made by those record-producing companies to various trust funds for each and every record sold embodying their performances. Half of those payments go to the

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musicians who performed on the records. The remainder is used for free public concerts of live music employing AFM members.

3. Those trust funds never received any payments from manufacturers of tapes that are sold by the Plaintiffs in this action. Consequently, AFM members are deprived of direct income and of income from employment on concerts which are free to the public.

4. No musician who is a member of the AFM has ever consented to or authorized the manufacturers of tapes sold by the Plaintiffs to use their performances by the Plaintiffs selling such tapes. Musical artists who are members of the AFM are being deprived of large amounts of monies properly due them.

HENRY KAISER

Sworn to before me this

18th day of November, 1971

Notary Public, State of New York
No. 41-2181175 Queens County
Term Expires March 30, 19...

LEONARD KOSOFSKY
Notary Public, State of New York
No. 41-2181175 Queens County
Term Expires March 30, 19...

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Affidavit of Kenneth E. Raine, Record at 27-28.

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT

OF UTAH, CENTRAL DIVISION

TAPE HEAD COMPANY, INC. a Utah corporation R. A. RIDGES DISTRIBUTING CO., INC. a Utah corporation, and all other persons IN A CLASS SIMILARLY SITUATED, Plaintiffs, vs. R C A CORPORATION, a/k/a/ RADIO CORPORATION OF AMERICA, a Delaware corporation, COLUMBIA BROADCASTING SYSTEM, INC., a New York corporation, AMERICAN BROADCASTING CO., INC. a New York corporation, and AMPEX CORPORATION, a California corporation Defendants	CIVIL ACTION NO. C-255-71

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

KENNETH E. RAINE, being duly sworn, deposes and says:

1. I am Trustee for the Music Performance Trust Funds. The Music Performance Trust Funds have been established for the purpose of providing live performances of musicians in free public concerts for the general public benefit. The Music Performance Trust Funds not only provides the employment for musicians throughout the United States but fosters the enjoyment of music as a cultural art form.

2. The Music Performance Trust Funds have entered into agreements with all producers of phonograph records and tapes

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embodying music. Under such agreements, phonograph record and tape producers pay the Music Performance Trust Funds a royalty on every record and tape sold by these companies. Approximatel $8-million each year are paid by such producers of phonograph records and tapes to the Music Performance Trust Funds.

3. Since I have been Trustee I have never received any payment from the tape duplicators which sell their product through the Plaintiffs. Every time the Plaintiffs sell tapes without paying a royalty to the Music Performance Trust Funds the trust funds are deprived of income, the benefit of which is passed on to the public in general, musicians in the United States and the furtherance of music as a cultural art form.

KENNETH E. RAINE

SWORN TO BEFORE ME this
18th day of November, 1971

LEONARD KORBLIT
Notary Public, State of New York
No. 41-2161175 Queens County
Term Expires March 30, 19...

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Affidavit of Paul Simon, Record at 29-31.

IN THE UNITED STATES DISTRICT COURT FOR THE

DISTRICT OF UTAH, CENTRAL DIVISION

****

TAPE HEAD COMPANY, INC., a Utah corporation, R. A. RIDGES DISTRIBUTING CO., INC., a Utah corporation, and all other persons IN A CLASS SIMILARLY SITUATED, Plaintiffs, vs. R C A CORPORATION, a/k/a RADIO CORPORATION OF AMERICA, a Delaware corporation, COLUMBIA BROADCASTING SYSTEM, INC., a New York corporation AMERICAN BROADCASTING CO., INC., a New York corporation AMPEX CORPORATION, a California corporation Defendants.	CIVIL ACTION NO. C-255-71 AFFIDAVIT OF PAUL SIMON

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

PAUL SIMON, being duly sworn, deposes and says:

1. I am a member, together with Arthur Garfunkel, of the recording group professionally known as Simon & Garfunkel, which has granted to CBS Records, a division of Columbia Broadcasting System, Inc. ("CBS Records"), the exclusive right to manufacture and sell phonograph records and tapes embodying our musical performances and to utilize our name and likenesses to advertise and promote the sale of such phonograph records.

2. Pursuant to agreements with CBS Records, Simon & Garfunkel have recorded the following albums:

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1. "WEDNESDAY MORNING, 3 A.M."

2. "SOUNDS OF SILENCE"

3. "PARSLEY, SAGE, ROSEMARY & THYME"

4. "BOOKENDS"

5. "THE GRADUATE"

6. "BRIDGE OVER TROUBLED WATER"

3. In order to create the musical compositions and perform such compositions on the albums referred to above, Mr. Garfunkel and I expend vast amounts of time and energy to achieve the results which are embodied on such albums.

4. The agreements between CBS Records and Mr. Garfunkel and I provided for the payment of royalties to us based upon the number of records embodying our performances manufactured and sold.

5. Simon & Garfunkel has never authorized anyone other than CBS Records to manufacture and sell the phonograph records listed above which embody our performances nor have we authorized anyone other than CBS Records to use our name and/or likeness in connection with the sale of such phonograph records and tapes.

6. It is my understanding that certain persons have, in fact, been manufacturing and selling tape cartridges and cassettes embodying the performances of Simon & Garfunkel without the authorization of CBS Records or Simon & Garfunkel.

7. We have never received any royalties with respect to the musical compositions which we have written and are contained on such unauthorized cartridges and cassettes nor have we received any payment for the use of our performances in respect of such tapes.

8. In addition, many of such tapes which I have listened to are of inferior quality in that they do not duplicate accurately the music originally recorded. Accordingly, the purchase of such tapes does not accurately reproduce the recordings originally made by Simon & Garfunkel.

Paul Simon

PAUL SIMON

Sworn to before me this 18th
day of November, 1971.

Marjorie L Enceneat

MARJORIE L. ENCENEAT
Notary Public, State of New York
No. [illegible]
Qualified in [illegible] County
Commission Expires March 30, 1972

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Affidavit in Opposition of Jack Grossman (and Exhibits), Record at 32-51.

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

TAPE HEAD COMPANY, INC., a Utah corporation
R. A. RILES DISTRIBUTING CO., INC., a Utah corporation, and all other persons IN A CLASS SIMILARLY SITUATED,

Plaintiffs

vs.

R C A CORPORATION, a/k/a RADIO CORPORATION OF AMERICA, a Delaware corporation,
COLUMBIA BROADCASTING SYSTEM, INC., a New York corporation,
AMERICAN BROADCASTING CO., INC. a New York corporation, and
AMPEX CORPORATION, a California corporation

Defendants

CIVIL ACTION NO. C-255-71

AFFIDAVIT IN OPPOSITION

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss

JACK GROSSMAN, being duly sworn, deposes and says:

1. I am the President of the National Association of Record Merchandisers, whose membership includes over 175 distributors and retail merchandisers of phonograph recordings doing business throughout the United States. I am also the President of Jack Grossman Enterprises, Inc., a New York corporation with offices at The Warwick, 54th Street and Avenue of the Americas, New York, New York 10019, whose business is the sale of records and tapes at retail in various parts of the United States. I am also the former president of Merco Enterprises, which was and is engaged in the business of merchandising sound recordings throughout the United States.

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2. I make this affidavit in opposition to the application of the Plaintiffs for a preliminary injunction herein.

3. I am fully familiar with the pernicious and proliferating problem of the unauthorized duplication of sound recordings and the sale and distribution thereof throughout the United States. The unauthorized duplication of sound recordings threatens the very existence of the legitimate sound recording industry at all levels, namely, the record manufacturers themselves, the performing artists, musicians, wholesalers and retailers throughout the United States.

4. By reason of the growth and spread of the clandestine unauthorized duplicators, known in the trade as "Tape Pirates" and the distribution of such unauthorized products throughout the United States, the legitimate retailers have in numerous instances been forced out of the marketplace. In most instances the unauthorized duplications, which are foisted upon the public are inferior in quality to those of the legitimate manufacturers. The only protection presently available to the legitimate recording industry and the public, apart from those states wherein by statute, the manufacture or sale of unauthorized recordings have been made a crime, is through the application of the law of unfair competition of the various states where civil suits have been brought against unauthorized duplicators and sellers of such products by manufacturers of sound recordings whose product were so pirated. It is respectfully submitted that if the preliminary injunction sought herein is granted, a chaotic condition will be created in the industry, which not only will prove destructive of the entire recording industry at all levels, but will leave the public unprotected.

5. I annex hereto and make a part hereof, in amplication of the foregoing, a copy of a statement which I delivered before Subcommittee No. 3 of the Committee on the Judiciary of the United States House of Representatives on June 9, 1971 in support of S.646 and H.R. 6927. I fully endorse and adopt said entire statement there presented by me.

JACK GROSSMAN

SWORN TO BEFORE ME this
18th day of November, 1971

[illegible]
Notary Public, State of New York
No. 31-3[illegible]
Qualified in Queens County
Term Expires March 30, 1973

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STATEMENT OF JACK GROSSMAN
PRESIDENT
NATIONAL ASSOCIATION OF RECORD MERCHANDISERS, INC.

HEARING ON S. 646 AND H. R. 6927

SUBCOMMITTEE NO. 3
OF THE
COMMITTEE ON THE JUDICIARY
UNITED STATES HOUSE OF REPRESENTATIVES

June 9, 1971

Mr. Chairman and Members of the Subcommittee:

My name is Jack Grossman. I am appearing here today as President of the National Association of Record Merchandisers, whose membership includes over 175 distributors and merchandisers of phonograph recordings, as well as over 175 associate members, including manufacturers of record products, suppliers, operators of pressing plants, duplicators, and publishers. I also serve as President of Merco Enterprises which is engaged in the business of merchandising sound recordings throughout the country. Accompanying me today are Mr. James Schwartz, the immediate past president of the Association, Mr. Earl Kintner, of the firm of Arent, Fox, Kintner, Plotkin & Kahn, who serves as general counsel to the Association, and Mr. Charles Ruttenberg a member of the same firm.

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Mr. Chairman, the National Association of Record Merchandisers unqualifiedly supports S. 646, which would create a limited copyright for sound recordings, and urges its favorable consideration by the Subcommittee. In our opinion, if Federal legislation is not enacted in the near future, the tape recording industry, as we know it, will very possibly not be able to survive.

The problem of illegal duplication of recordings existed prior to the advent of tape, tape cartridges and cassettes. At that time such duplication consisted primarily of the practice of counterfeiting phonograph records, including labels, produced by reputable manufacturers, and the sale of such counterfeit recordings as the genuine product. Legislation to deal with this problem was enacted by the Congress in the early 1960's and provided criminal penalties for the fraudulent transportation in interstate commerce of phonograph records bearing forged or counterfeit labels. This legislation had a salutary effect on the counterfeiting problem. With the development of tape, however, the problem of illegal duplication became considerably more acute because of the greater susceptibility of tape to piracy which can be accomplished at little cost, and with relatively simple facilities as compared to those needed for reproduction of records. (Illegal duplication of phonograph records still does take place, however, as shown by EXHIBIT A, attached hereto). Counterfeiting as such is not presently the major problem because those currently involved in tape pirating generally do not attempt to pass off the pirated versions as originals, but instead sell the tapes under their own labels, using legitimate tapes as the basis for the recording of the pirated versions.

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Mr. Gortikov, who has just presented the views of the Recordi Industry Association of America on this matter, has indicated the dimensio of the problem, which, in our view, has reached epidemic proportions. Th attached excerpt from the May 15, 1971 issue of "Business Week", marked EXHIBIT B, I believe you will find particularly informative in this regard. put it simply, legitimate wholesalers and retailers cannot compete with pira merchandise. Illegally duplicated material is being supplied to retailers at price sometimes as low as $2.00, which is about half the cost to the wholesaler of the legitimate product. The reasons for this are clear -- minimal investment by the pirate as against significant costs to the legitimate manuf turing company which pays the performers, musicians' expenses, costs of promotion and the like. As a result, pirated merchandise can be sold, as, for example, in the case of a single tape cartridge, at retail for two or mor dollars less than the legitimate retailer must obtain for his merchandise. Moreover, the illegal duplicator reproduces only the hit recordings so that severely injures the sales of those products which must make up for the sub stantial investments made by the legitimate record companies in records wh prove unsuccessful. Furthermore, the unauthorized duplicator frequently illegally duplicates the best selections from a number of legitimate recordin puts them on one tape cartridge and in that way produces a tape which is not available anywhere else and with which no legitimate retailer can compete.

Discussions with members of our Association around the count indicate very clearly that their loss of tape business is of major proportions

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In a period of greatly increased consumer interest in tape products, increased use of tape equipment in automobiles, and the introduction of cassettes, it would be expected that sales of tape recordings would be steadily and rapidly increasing. Instead, we find that the sales of our distributors are off by approximately 30%. Many retailers are even harder hit. EXHIBIT C, which is a copy of an excerpt from "Billboard" Magazine of April 24, 1971, relates an interview with a Schenectady, New York dealer in which he sets his loss of volume during the past year at 50%. These figures may sound as though the distributor is still in a profit situation, but I can assure you that the rate of attrition is so significant that if it continues our members will be unable to continue in the tape business, except perhaps to provide tape recordings as a convenience for their regular customers.

Several points which have not been mentioned by other witnesses I consider of particular significance.

First, the matter of the quality of pirated recordings. It is true that some illegal duplicators use equipment of good quality and can produce a duplicated tape recording of reasonably good fidelity. Much of the pirating, however, is done by operators who are not that concerned with the quality of the product and we find, in many instances, that consumers who have bought pirated materials, not being sophisticated in this area, are attributing the poor quality of the recordings to the inadequacy of the performers. Comments such as "Mr. X no longer sings as well as he used to" are by no means unusual. This reaction, needless to say, is of serious concern to the creative artist.

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Second, as befits operations of this type, practically all of the financial transactions engaged in by illegal duplicators are cash only. EXHIBIT A, referred to earlier, is quite clear on this point. The pirate by no means wishes to become involved in credit situations, particularly where he may have to pick up and move on short notice. I would venture to guess that, as a result, much of their financial record keeping is less than adequate. I believe you will hear later testimony concerning the uncertainty of payment by them of royalties required by statute to be paid on copyrighted musical compositions.

Third, the unauthorized duplicators are now selling directly to the public via the medium of television which means even greater profit for the pirate. EXHIBIT D consists of a list of cartridges offered for sale via a Philadelphia, Pennsylvania television station at approximately $3.33 per unit, including sixteen selections on one tape representing about eight different labels. Payment is forwarded via the television station to the duplicator.

Fourth, and by no means least, pirating activities are exerting a corrupting influence on businessmen who would prefer to conduct their activities in a legitimate manner. Where a retailer or wholesaler is faced with the question of survival, can we blame him for attempting to compete with the tape pirates on their own level? As a result, many businessmen are being forced to deal in pirated materials in order to stay in business. Some, who have other means of support, have gone out of the tape business entirely. One

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large midwest distributor has informed us that over one hundred of his retail accounts have stopped selling tape recordings because of a desire not to deal in unlawful products and their inability to compete on a legitimate basis.

In my opinion, the logical conclusion of the pirating activities is the ultimate destruction of the tape recording industry through the drying up of investment by record companies in new talents and in the promotion of new recordings. Furthermore, I can assure you that the information from our distributors and retailers which I have referred to above is fully borne out by my own experience as President of Merco Enterprises.

I fully agree with Mr. Gortikov's statement that State legislation and unfair competition actions are not the answer to the problem. At present, there are only six State laws on the subject. Furthermore, such actions, in most instances, merely force relocation of the pirating activity or give the pirate a slap on the wrist. Federal legislation, whereby an injunction against a pirate can be enforced nationwide or a Federal criminal action brought if the violation deliberately continues, is essential if the industry is to survive. Needless to say, this problem is not unique to the United States. It is of world-wide concern and you have already heard testimony to this effect.

In conclusion, gentlemen, I thought you might be interested in seeing exactly the kind of product with which we are dealing. I am holding here an 8-Track Stereo Tape Cartridge produced by Columbia Records, entitled

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"Blood, Sweat & Tears 3", I also have in my possession a Stereo 8 Track cartridge put out by an organization called "Mogul", also entitled "Blood, Sweat and Tears 3." The compositions on each are identical. The Columbia recording represents significant and substantial investment on the part of Columbia Records. The Mogul version represents $0.75 for the cartridge, a few pennies for the tape, another few pennies for the packaging and no investment in performance, promotion, music or otherwise, other than relatively inexpensive duplicating equipment necessary to produce the illegal product.

In the long-run, gentlemen, the consumer will not benefit if pirating activities are not halted. For a while he may get a somewhat inferior product at a lower price, but, in time, the goose that laid the golden egg will be killed and new performers and new talents will not be available to him.

The matter is, in our opinion, of the utmost urgency and we strongly urge your favorable consideration of this legislation.

We will be pleased to answer any questions you may have. Thank you very much for giving us the opportunity to appear here today to present our views on this legislation.

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EXHIBIT A

GODZILLA'S AMERICAN PHONOGRAPH
RECORD EXPORT SERVICE
P.O. BOX 1966
GLENDALE, CALIFORNIA
U.S.A. 91209

Dear Friend:

We are the wholesale distributors of the "TRADE MARK OF QUALITY" line of bootleg albums. We offer these high quality original productions at the lowest and most competitive prices possible. This enables your firm to have a substantial profit margin when reselling this product. We might add, this profit margin is much greater than that of legitimate albums and, due to the nature of being "underground", is very easy to sell on the wholesale and retail levels.

As you may have guessed by this point, we would like to know if your firm would be interested in handling our product? Enclosed you will find a list of the record albums we are currently making available. We hope you find the selection to be satisfactory.

Following is our wholesale price schedule:

	Quantity	Unit Cost
Single Albums:	1 to 99	$2.10
	100 to 499	$1.95
	500 to 999	$1.75
	1000 +	$1.50
Double Albums:	1 to 99	$3.15
	100 to 499	$3.00
	500 to 999	$2.90
	1000 +	$2.50

The quantity is based on the total amount ordered, not the amount of each specific album ordered. Please do not combine single and double albums when figuring the total quantity to be ordered.

We are attempting to combine the lowest possible prices with the fastest possible service in order to supply the huge market for this product. Due to the nature of the albums we cannot operate on a credit basis. Therefore, if your firm does place an order we can honor it one of two ways: (1) Enclose the proper remittance with your order and we will ship via surface or air with the shipping charges being collect, or (2) we can ship via United Parcel (surface or air) with the entire cost and shipping charges C.O.D. The second method is subject to United Parcel service available to your location and is only possible within the U.S.A. If we have the quantities you require in stock we will ship immediatly. If the order is larger than our backstock please allow about five working days before shipment. We are open to suggestions as to methods of transportation.

Thank you for your attention, and we hope this is the beginning of a long business relationship between us.

Sincerely yours,

"Godzilla"

THE BEATLES "THE BEATLES IN ATLANTA WHISKEY FLAT" (One Disc) Twist and Shout, You Can't Do That, All My Lovin', She Loves You, Things We Said Today, Roll Over Beethoven, Can't Buy Me Love, If I Fell, I Want to Hold Your Hand, Boys, A Hard Days Night, Long Tall Sally.

DONOVAN "THE RAINDY RIVER" (One Disc) Jennifer Juniper, Giggle in a Bubbley Dark, Angels Thoughts, Come to Me Now Joyfully, To Love Me, A Medley, The Sun is a Very Magic Fellow, The Reedy River, The Ferrymans Daughter, Atlantis, Lalena, Happiness Runs, A Poem by Yeats, Hey Gyp, To Try for the Sun, Someone Singing, Rules and Regulations, Mellow Yellow.

BOB DYLAN "GREAT WHITE WONDER" (Two Discs) Candy Man, Ramblin' Around, Hezekiah Jones, Ain't Got No Home in this World Anymore, Emmett Till, Ol' Lazarus, Last Orange New Jersey, I'm a Man of Constant Sorrow, New Orleans Rag, If You Gotta Go, Only a Hobo, Killing me Alive, The Mighty Quinn, This Wheel's on Fire, I Shall Be Released, Open the Door Richard, Too Much of Nothing, Nothing was Delivered, Tears of Rage, Living the Blues.

BOB DYLAN "STEALIN'" (One Disc) Can you Please Crawl Out Your Window?, (Slow Version), It Takes Alot to Laugh - It Takes a Train to Cry, Killing Me Alive, If You Gotta Go, She Belongs to Me, Love Minus Zero/No Limit, It's All over Now Baby Blue, Cough Song, New Orleans Rag, That's Alright Mama, Hard Times in New York Town, Stealin', Wade in the Water, Cocaine.

BOB DYLAN "GAW JOHN BIRCH SOCIETY BLUES" (One Disc) Mixed up Confusion, Piano Solo, I'll Keep it with Mine, John Birch Society Blues, Who Killed Davey Moore, The Song it was Long, Willie the Gambler, Ramblin' Round - 900 Miles, Percys Song, Corrina Corrina, In the evening when the Sun Goes Down, Long John.

BOB DYLAN "GAW WHILE THE ESTABLISHMENT BURNS" (One Disc) Ramblin' Down Thru the World, Bob Dylan's Dream, Tomorrows' a Long Time, New Orleans Rag, The 4th time Around, Just like a Woman, Desolation Row.

BOB DYLAN "GAW SEEMS LIKE A FREEZE OUT" (One Disc) California, Lay Down Your Weary Tune, Dusty Old Fairgrounds, Who You Really Are, If I Could do it all over - I'd do it all over You, Tell Me What Your Gonna Do, Restless Farewell, I wanna be your Man, Can You Please Crawl out Your Window, From a Buick 6, Visions of Johanna, She's Your Lover Now.

BOB DYLAN "GAW TALKIN BEAR MOUNTAIN MASSACRE PICNIC BLUES" (One Disc) Quit Your Lowdown Ways, Worried Blues, Corrina Corrina, Lonesome Whistle Blues, Rocks and Gravel, Talkin' Hava Negilah Blues, Adams Spring, Wichita Blues, Talkin Bear Mountain Massacre Picnic Blues, I'm in the Mood for You, Emmett Till, Baby Please Don't Go, Going to New Orleans, Milk Cow Blues.

JEFFERSON AIRPLANE "UP AGAINST THE WALL..." (One Disc) We Can be Together, Volunteers, Eskimo Blue Day, Mexico, Somebody to Love, Wooden Ships, Plastic Fantastic Lover, Emergency, Ballad of You & Me & Pooneil.

JETHRO TULL "MY GOD!" (One Disc) Sossity/Reasons for Waiting, My God!, Love Story, Christmas Song, 17, Sweet Dream, Witche's Promise.

LED ZEPPELIN "LED ZEPPELIN LIVE ON BLUEBERRY HILL" (Two Discs) Immigrant Song, Heart Breaker, Dazed and Confused, What is and What Should Never Be, Moby Dick, Communication Breakdown, Good Times - Bad Times, For What It's Worth, Since I've Been Loving You, Organ Improvisation, Thank You, Out on the Tiles, Blueberry Hill, Bring It on Home, Whole Lotta Love, Let that Boy Boogie Woogie, I'm Movin' On, Think it Over, Lemon Song.

ROLLING STONES "LIVER THAN YOU'LL EVER BE" (One Disc) Carol, Gimmie Shelter, Sympathy for the Devil, I'm Free, Live with Me, Love in Vain, Midnight Rambler, Little Queenie, Honky Tonk Women, Street Fighting Man.

FRANK ZAPPA, THE MOTHERS OF INVENTION, ZUBIN MEHTA AND THE LOS ANGELES PHILHARMONIC ORCHESTRA "200 MOTELS" (One Disc) A suite for Rock Group and Orchestra - Recorded Live on May 15, 1970, in Los Angeles, California.

WE TAKE PRIDE OURSELVES IN MAKING AVAILABLE THESE ORIGINAL PRODUCTIONS OF WORTHWHILE MUSIC. THEY ARE NOT COPIES OF PREVIOUS ALBUMS. GREAT CARE HAS BEEN TAKEN TO PRESERVE THE DIGNITY AND SOUND QUALITY OF EACH MATERIAL INVOLVED AS MUCH AS POSSIBLE. LOOK FOR THE "TRADEMARK OF QUALITY" LABEL WHEN PURCHASING THESE COLLECTORS ITEMS. IT'S YOUR GUARANTEE.

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OTHER BOOTLEG ALBUMS OFFERED THROUGH OUR ORGANIZATION
ALL PRICES REMAIN THE SAME

BOB DYLAN "GUILDHALL ALBERT HALL 1966"(One Disc) Tell Me Mama, I Don't Believe You, Baby Let Me Follow You Down, Just Like Tom Thumb Blues, Leopard Skin Pill-Box Hat, One Too Many Mornings, Ballad of a Thin Man, Like A Rolling Stone,

JIMI HENDRIX "HENDRIX ALIVE" (Two Discs) (Recorded at the Los Angeles Forum) Star Spangled Banner, Purple Haze, Voodoo Child, Spanish Castle, Foxy Lady, Gettin Your Brothers Shoes Together, Gonnin' My Heart Back Together, Room Full of Kirrors, Message to Love, Easy Rider, Machine Gun.

CROSBY, STILLS, NASH, AND YOUNG "OHIO-WOODEN NICKEL" (One Disc) Ohio, Guinivere, Birds, 4 & 20, You Don't Have to Cry, Suite to Judy Blue Eyes, Find the Cost of Freedom, Listen Once Again to my Bluebird, Sea of Madness, Down by the River.

ELTON JOHN " COUNTRY COMFORT" (One Disc) Your Song, Take Me to the Pilot, Country Comfort, Sixty Years On, Border Song, Honky Tonk Woman, Burn Down the Mission, Give Peace a Chance, Finis.

PAUL SIMON "THE PAUL SIMON SOLO ALBUM" (One Disc) Kathy's Song, He was my Brother, Flowers Never Bend With the Rainfall, The Side of a Hill, A Simple Desultory Philippic, Patterns, A Most Peculiar Man, I Am A Rock, A Church is Burning, April Come She Will, Leaves That are Green, The Sounds of Silence.

THE BEATLES "LAST LIVE SHOW" (One Disc) I'm Down, Interview, Introducing Group, Can't Buy Me Love, Baby's in Black, Hard Days Night, Help, I'm Down.

THE BEATLES "THE BEATLES COMPLETE CHRISTMAS COLLECTION" (One Disc) From 1963,1964, 1965,1966,1967,1968,1969. This is a complete collection and is a rare item.

THE BEATLES "RENAISSANCE MINSTRELS VOL. 1" (One Disc) From Me to You, Twist and Shout, This Boy, I Saw Her Standing There, She Loves You 1, I Want to Hold Your Hand, Please Please Me, All my Loving, She Loves You 2.

THE BEATLES "RENAISSANCE MINSTRELS VOL. 2" (One Disc) The Walk, Teddy Boy, Two of Us on the Way Home, I've got a feelin', Long Winding Road, For You Blue, Dig a Pony, (Material from "Get Back Tape") Across the Universe, Inner Light, Let it Be, Don't Let Me Down, Get Back, I'm Down, Instant Karma.

4

MARKETING

The $100-million market in bootleg tapes

Record companies go to court in an attempt to end the fast sales of counterfeited hits

If an enterprising businessman Xeroxed thousands of copies of a best-selling book—say, *The Sensuous Man* or *Love Story*—or ran off duplicates on a basement press and then sold them at half the publisher's regular price, he would be in big trouble. His violation of copyright laws could cost him any profits he made, plus a sizable fine, and he might spend a year in jail.

But all over the country counterfeiters are busy selling exact copies of stereophonic music tapes originally produced by Columbia, RCA, Capitol, and other record companies. They are doing it almost openly and are making more than $100-million a year at it, according to conservative estimates.

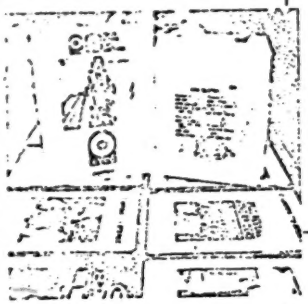
Not surprisingly, the music industry is up in arms about the bootleggers. In the past few weeks, lawsuits were leveled at four oil companies—Texaco, Skelly, Derby, and Champlain—whose service stations in Wichita, Kan., were caught selling tapes. Federal marshals raided a gigantic operation in an industrial park in Phoenix and confiscated 30 tons of duplicating and packaging equipment, ending employment for 100 people who were turning out 80,000 tapes a week. Three Phoenix radio stations advertising the tapes were hit with suits. And Ampex Corp. sued nine Los Angeles retailers for losses allegedly suffered from the stores' sales of bootleg tapes.

Few controls. Donald V. Hall, vice-president of Ampex Music, which markets about one-third of the $350-million worth of stereo 8-track tapes sold annually through legitimate channels, thinks the bootleg operations eventually will cripple the industry. Last year, he explains, record companies sold about $1.8-billion worth of discs and tapes, but most of the profits came from a relatively small number of hit albums—The Beatles, The Partridge Family, Simon and Garfunkel, a big Broadway musical or movie score. To get one hit, a company may have hundreds of albums that die in the stores.

"Then the bootleggers rush in to copy the hits, creaming profits right off the top," says Hall. "They cut into your sales, have no development expenses, and pay no royalties to anyone. It is a very profitable business." The Phoenix plant, which called itself National Mfg. Co., was said to have netted more than $2-million in five months of operation.

What makes it possible for the bootleggers to operate—and frustrating for the record companies—is the lack of regulation against copying "mechanical reproductions" of live performances. Only California and New York have criminal laws against the practice and classify it as a misdemeanor. And even these laws are new. Elsewhere, civil actions for damages and injunctions can be filed, but the bootleggers have become adept at shutting up shop and reopening later under a new name.

Operation. Becoming a tape pirate is relatively simple. Small record stores—



"mom and pop" retailers—can purchase an inexpensive duplicating machine for $200 or so. Blank tape cartridges are available for as little as 75¢ each in quantities of a few hundred. "A guy can hire school kids at $1.25 an hour to knock out copies in the back of the store," says Alan Bayley, president of GRT Corp., which makes tape albums for 67 different record companies. "He sells them at $3 or $4 each to customers." GRT, on the other hand, sells its tapes for $1.50 each to a distributor, who resells them for $1.25 to retailers, who charge the public $6.95 each. "A store can order half-a-dozen tapes of a hit album from us and use them to duplicate a hundred copies," Bayley says, "and then try to return the originals for credit because they didn't sell."

The "mom and pop" thieves are a minor annoyance. More worrisome are the large, well-financed tape pirates who merchandise and promote their wares with skill and aplomb and are sometimes backed by organized crime. In addition to turning out hundreds of thousands of tapes in small factories,

A pirated copy (right) of best-selling album skimps on packaging, artwork and carries no manufacturer's label

many bootleggers install display racks in stores, service stations, and other outlets and contract to keep them filled. They also print catalogues and send salesmen on the road. In Cleveland, John Cohen, who runs a chain of 20 Disc Records stores, received a catalogue and sample tapes from a Hempstead outfit calling itself Music City Distributing, Inc. The company offered copies of top-selling albums at $2 each and signed its sales letter "Your friendly bootlegger."

Cohen turned down the offer, but knows that other retailers are not so susceptible. "There's no question that we're losing business to a lot of these tape outlets springing up all over," he says. Albert Berman, manager director of Harry Fox Agency, Inc., which collects royalties for several thousand music publishers, agrees. "Most of these people operate with the full knowledge that they are selling an illegal product," he says, "but because of ignorance and naiveté of some of the record chains is surprising. How can they claim they can't recognize a bootleg

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record or tape when they are offered it at a ridiculously low price, are forced to pay cash, usually receive a product of inferior quality, and deal with someone who has no listed phone number, no business address, and in some cases no personal contact with the retailer." Two defendants in the Phoenix case sold tapes from a truck at weekend

'With an investment of about $20,000, you're in tape bootlegging in a big way'

sales held in shopping center parking lots, and kept moving, Berman says.

Sideline. In New York, an employee of a large industrial company has been passing out mimeographed order blanks to fellow employees and supplying them with tapes of Perry Como, Elvis Presley, and 50 other artists at $3.25 each. "I pick up the orders every Saturday from a 'wholesaler,'" he explains. "The tapes cost me $2 each, and I sold 150 last week." Asked about the quality of the recordings, he insists that it is excellent. "We sell on a money-back guarantee, and these are the real thing—not bootleg tapes." What he means is that his tapes are professionally copied from commercial originals, not from live performances.

Opera and concert buffs frequently smuggle tiny recorders into theaters and music halls to tape live performances, and poor-fidelity copies sometimes show up under the counter at select retail outlets. Similarly, imperfect rehearsal recordings—ones that an artist ordinarily does not want released for sale—may be stolen, duplicated, and made quietly available. Alan Rich, music critic for *New York* magazine, recently devoted a page to praising the industrious people who do such work. He pointed out that he was able to buy a tape of a little-known Off-Broadway musical only because of a pirate.

"Hah," says Berman. "I'd like to hear him if he found his columns were being reprinted in other magazines. What about the publishers, writers, and performers who get nothing for their efforts?" The Fox Agency estimates that publishers alone are losing upwards of $10-million a year in royalties due to them from bootleg tapes. Ordinarily, a publisher gets 2¢ for each song included in each album.

Hard to beat. The Fox Agency and the National Assn. of Record Manufacturers have been leading the fight on the pirates, but Berman says the task is difficult. "We can spend $5,000 to bring a civil suit, put a guy out of business with a $250 fine, and have him reopen a few days later somewhere else." Ampex Music's Hall notes that mobility is easy because tape duplicating equipment is smaller and less expensive than a 15-ton press needed to make counterfeit phonograph records. "With an investment of $20,000 to $50,000, you're in tape bootlegging in a big way," he says.

Ampex Music, in addition to selling tape versions of the record albums of some 40 different manufacturers, is a major supplier of blank tape cartridges and recording equipment. It recently announced that it would not sell to suspected bootleggers. "If their letterhead has a skull and crossbones on it, it's no deal," says an Ampex Music executive, who admits that it is not easy to find out why customers want equipment.

Ralph Gleason, the jazz and rock-music critic and an executive of Fantasy Records, notes that the company has lost money because of bootleg sales of copies of its hit albums by Creedence Clearwater Revival. One bootlegger even improved on the originals by pulling the best songs from several albums and putting them on one tape, *The Best of Creedence*. "You can cut off supplying the regular record stores that also sell bootlegs," says Gleason, "but it's hard to get at all the service stations and places selling tapes along with steplights and rear-view mirrors."

Mass attack. GRT's Bayley thinks the legitimate music industry has to move in several directions to [illegible] the pirates. A massive advertising campaign should be undertaken to let the public know that bootleg tapes not only deprive artists and publishers of their just deserts, he says, but the tapes often are of inferior quality. "We need an industrywide trademark to identify legitimate products," he adds, pointing out that authentic tapes are nicely packaged with full-color illustrations whereas bootleg tapes generally have a plain printed label listing the performers and songs and no maker's name or address.

There is some talk in the industry of technological developments that would make it impossible for a tape to be copied. One possibility is a high frequency tone inaudible to the ear but destructive to a copying recorder. But real relief has to come from Congress.

A revised copyright law has been proposed by Senator John McClellan (D-Ark.) that would extend protection to recordings. The bill has gone through the Senate and is scheduled for hearings in the House, where lawyers for big bootleg operations are prepared to testify that they provide a public benefit by selling low-cost tapes.

"If the McClellan bill fails," says Berman, "the manufacturers in the industry will have to come to one or the other. They have partners. We're really fighting a last ditch effort right now." ■

EXHIBIT C

BILLBOARD -- April 24, 1971

Dealer's View of Bootlegging: 50% Volume Loss; Seeks Law

By ROBERT SOBEL

NEW YORK—The following interview of a legitimate record dealer, Lauren Grandy, manager of Apex Music Korner, 348 State St., Schenectady, N.Y. by a Billboard staffer illustrates the problems the dealer faces in his battle to survive bootlegger competition.

Q. What product is currently being bootlegged?

A. A big variety. There are some Columbia, some Ampex, some RCA.

Q. Can you give some specific titles or artist's names?

A. Well, on RCA, "Portrait of My Woman," by Eddy Arnold, and a couple of the Beatles tapes. I sold two on Columbia but I don't recall them offhand. Copies of those were picked up incidentally, and turned over to the Columbia district manager just recently.

Q. Is there any traffic being taken away from your store because of bootlegging?

A. There's no question about it. When you have people around you selling tapes anywhere from $2.98 to $3.75, which legitimately cost you over $4.00, you're losing business. Not only that—the artists are losing business and the publishers are losing business—the whole industry.

Q. How long has this bootlegging been going on?

A. Well, my first direct experience with it was last summer. A gentleman called me from Phoenix and offered me some first-rate tapes that were ridiculously low-priced and gave me a WATS line number and told me he shipped from California. When I asked him for his address the first time he wouldn't give one, the second time he called he gave me one in the Bahamas and I said, "Is this legitimate?" That was the end of it.

Q. Can you estimate how much this has diminished volume over the year in your store?

A. I would say that it's cut into our tape business at least 50 percent.

Q. How much business do you usually do in one year?

A. In excess of $100,000.

Q. Is this bootlegging mainly in tapes or is it in records as well?

A. Very little in records in this area. Primarily, it's in tape.

Q. What is the contact procedure used by these bootleggers?

A. He comes up and down the Mohawk Valley on an average of once a week now. He shows samples of the tape and admits openly that they are what he calls "underground" custom-grade tapes from the top artists. But he says they're also "custom recordings," tells the dealers it's a chance for them to make more money.

Q. Now, it's all out in the open actually, isn't it?

A. Very much so.

Q. He's given you his name and the company and a phone number, I understand. Is there a catalog involved?

A. Well, he had one he showed me, but he didn't have a copy that he was willing to leave.

Q. Do you know of any drops that he's actually made elsewhere?

A. Yes. There are definitely two stores in the area.

Q. The Schenectady area? In town?

A. Yes, in town, right in Schenectady. He also mentioned that there were stores up and down the Mohawk Valley that were using his product.

Q. That's in the tri-city area, isn't it?

A. Well, between Utica and the tri-cities. The entire Mohawk Valley. About a 150-mile corridor.

Q. Is he the only one that you know of that's been doing this or has there been someone else?

A. It's the only one I've had recently. I've had a couple of flyers from people out of town.

Q. At what price is the bootlegger selling the tapes to you?

A. $2.75 unless you buy 100, then there's something like a 10 percent discount on top of that.

Q. And this is across the board regardless of what product it is?

A. Right.

Q. Do you feel that the other dealers you mentioned who are buying this product are doing it in competitive stores?

A. I think they probably feel this way: "Here's a chance to put one up on the other guy and give an extra buck and still sell it for a lot less to draw the trade my way." I mean, it's a hell of a competitive business—it always has been, but like legitimate competition—I don't mind anybody trying to dump merchandise because I had the opportunity to do that, too.

Q. Have you tried to combat bootlegging in any way?

A. Well, let me put it this way—anything I can possibly do—any evidence I have that will help put an end to this—I'll be very happy to furnish and I've had some other friends, including a one-stop operator that I've talked to about it that have expressed their willingness to cooperate as well.

Q. What about the RIAA? Have you tried them?

A. On my first attempt to reach anybody I felt that I might better work through you and the FBI Agency and the FBI. I felt these were the authorities best equipped to handle it.

Q. Have you thought about banding together with them. Perhaps some kind of a local dealer arrangement. You mentioned the one-stops, is there any thinking of a cooperative nature to beat the bootleggers?

A. Well, the tri-city areas actually has only six of us left. One time there were seven in Schenectady alone. Now there are only six of us left in the tri-cities. The rest are run by the chain stores, racks and so forth.

Q. What is their general feeling?

A. Frankly, in the past I've tried to talk to a few of the gentlemen involved in those operations and I haven't found that it even paid to start a discussion with them. I think they have the reaction because they're much happier to have them than to have to fight them. At least myself I've talked to RCA's Eastern district representative, Jack Pell, and he was very happy to get my information and very unhappy to see it happening in his immediate area, of course. In fact, he left Schenectady for the Utica-Syracuse area this morning and he's out that way looking around now and he also asked me if I'd be willing to buy a few tapes containing his product to be furnished as evidence to his company. I'd take them and I'd be very happy to. Also, when I found out that two of the local stores were carrying the product, I called the local distributor of RCA. They said they would send men over to pick up samples of any counterfeit bootleg merchandise they could find in those two stores.

(Continued)

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Q. Do you have any other thoughts on how to combat bootlegging, other than those previously mentioned?

A. Yes, but the law isn't enforced and there aren't too many of us left who are a family store, catalog-type dealer. The bigger element seems to be primarily interested in using the record and tape department as a traffic promotion item. For instance, stores that we have right in our vicinity here. Two or three days a week they'll sell tapes at ridiculous prices and records at ridiculous prices just to promote store traffic and my thought along these—I don't know what their basic policy is, but I've seen some of the counterfeit Beatles tapes from South America in some of their locations.

Q. Do you think big stores would carry the bootleg items, if given the chance?

A. Yes. I've seen them do it in the past.

Q. You have seen them do it?

A. As I say, the South American reprints of Beatles tapes are just as an example. In fact, I bought two of them and I have them right here. They're from Caracas, Venezuela.

Q. How much did they cost you?

A. $2.50.

Q. I would like to get back a little more on what you would like to see in fighting bootlegging.

A. Of course, it's ridiculous to hope for unity among the dealers. I don't think there is a possibility. So I think concretely I would like to see a legitimate law with teeth in it that would protect the composer, the publisher, the singer and the retailer. Not only on the local level, that is, in our locale—New York State—but something incorporated in the Federal copyright law—if possible.

Q. Well, they are trying to do something like that in the piracy situation. Could it be done regarding bootlegging?

A. Yes, but it would require that the publishers, ASCAP, BMI and everybody legitimately interested in the industry all get together, which hasn't been too easy in the past, as you well know.

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EXHIBIT D

STEREO 8
P. O. BOX 437
FEASTERVILLE, PA. 19047

Tunes advertised on * TV

1. CHICAGO III

a. Mother
b. Lowdown
c. Elegy: When all the laughter dies in sorrow.
d. What else can I say.
e. I don't want your money.
f. Fallin out.
g. Dreaming Home /Free/ off to work.
h. The approaching storm.
i. Happy cause I'm going home.
j. Motorboat to mars/ Free country
k. At the sunrise.
l. Loneliness is just a word.
m. Progress
n. Once upon a time.
o. A hard rising morning without breakfast/ mornin' blues again.
p. Canon
q. Flight 602
r. Sing a mean tune kid.
s. Man vs. man. The end.

2. PEARL - Janis Joplin

a. Cry baby
b. Me and bobby McGee.
c. Mercedes benz
d. Trust me.
e. Get it while you can.
f. Half Moon
g. Buried alive in the blues
h. A woman left lonely (Part I)
i. A woman left lonely (Part II)
j. Move over
k. My baby

3. TUMBLEWEED CONNECTION - Elton John

a. Ballad of a well-Known gun.
b. Come down in time
c. Son of your father
d. Country comfort
e. My father's gun
f. Love story
g. Where to now St. Peter
h. Talking old soldiers
i. Amoreena
j. Burn down the mission

(*The name of the television station has been deleted).

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STEREO 8
P. O. BOX 437
FEASTERVILLE, PA. 19047

1. LOVE STORY - Original Sound Track.

   a. Theme form Love Story
   b. I love the phil
   c. The Christmas trees
   d. Search for Jenny
   e. The Long walk home
   f. J.S.Bach
   g. Mozart
   h. Bozo barrett
   i. Skating in central park
   j. Snow frolic
   k. Theme from Love Story (Finale)

2. IT'S IMPOSSIBLE - Perry Como

   a. It's Impossible
   b. Everybody is looking for an answer
   c. I think I love you
   d. Raindrops keep fallin' on my head
   e. Snowbird
   f. Close to you
   g. El Condor Pasa
   h. Happiness comes, Happiness goes.
   i. Weve only just begun
   j. A House is not a home
   k. Seattle
   l. Something

3. SWEETHEART - Engelbert Humperdinck

   a. Sweetheart
   b. California Maiden
   c. Woman in my life
   d. I'll be your baby tonight
   e. Take me for now Love
   f. The first time ever I saw your face
   g. For the good times
   h. Put your hand in the hand
   i. When there is no you
   j. The first time I ever saw your face
   k. Santa Lija
   l. Live and just let live

STEREO 8
P. O. BOX 437
FEASTERVILLE, PA. 19047

1. ROCK * ALL STAR HITS * VOL. I

a. If you could read my mind - Gordon Lightfoot
b. Me & Bobby McGee - Janis Joplin
c. For All We Know - Carpenters
d. Have You Ever Seen The Rain - Creedence Clearwater Revival
e. D.O.A. - Bloodrock
f. Cried Like A Baby - Bobby Sherman
g. One Bad Apple - The Osmonds
h. Sweet Mary - Wadsworth Mansion
i. What is Life - George Harrison
j. Help Me Make It Thru The Night - Sammi Smith
k. She's A Lady - Tom Jones
l. 1900 Yesterday - Liz Damon
m. Woodstock - Crosby, Stills & Nash
n. Temptation Eyes - The Grass Roots
o. No Love At All - B.J. Thomas
p. Wild World - Cat Stevens

2. COUNTRY WESTERN * ALL STAR HITS * VOL. I

a. Bridge Over Troubled Waters - Buck Owens
b. How Much Can She Stand - Conway Twitty
c. The Arms of a Fool - Mel Tollis
d. L.A. International Airport - Susan Raye
e. Rose Garden - Lynn Anderson
f. Bar Room Talk - Del Reeves
g. We Sure Can Love Each Other - Tammy Wynette
h. Knock Three Times - Billy C. Craddock
i. Help Me Make It Through the Night - Sammi Smith
j. I Won't Mention It Again - Ray Price
k. After the Fire is Gone - Conway Twotty
l. Looking Out My Back Door - Buddy Alan
m. For The Good Times - Ray Price
n. A Women Always Knows - David Houston
o. It Wasn't God Who Made Honky Tonk Angels - Lynn Anderson
p. Raining in my Heart - Hank Williams

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Affidavit of Walter L. Dean, Record at 57-62.

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IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

TAPE HEAD COMPANY, INC., a Utah corporation R. A. RIDGES DISTRIBUTING CO., INC., a Utah corporation, and all other persons IN A CLASS SIMILARLY SITUATED, Plaintiffs, vs. R C A CORPORATION, a/k/a RADIO CORPORATION OF AMERICA, a Delaware corporation, COLUMBIA BROADCASTING SYSTEM, INC., a New York corporation, AMERICAN BROADCASTING CO., INC., a New York corporation, and AMPEX CORPORATION, a California corporation Defendants	CIVIL ACTION NO C-255-71 AFFIDAVIT

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

WALTER L. DEAN, being duly sworn, deposes and says:

1. I am presently the Executive Vice President of CBS Records, a division of Columbia Broadcasting System, Inc., a New York corporation.

2. Defendant, Columbia Broadcasting System, Inc., through its CBS Records division (hereinafter referred to as "CBS Records") is engaged in the purpose of manufacturing and selling recordings of musical and other performances on disc phonograph records (hereinafter referred to as "records") and

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magnetic tapes (hereinafter referred to as "tapes"). CBS Records is at present one of the leading manufacturers of such recordings in the United States. The name and reputation of CBS Records as a manufacturer of musical recordings of high artistic and technical quality are widely and favorably known through the United States and the world. Its recordings are sold under various labels, such as Columbia, Epic and others.

3. CBS Records has entered into agreements with various well known and leading musical performers and groups of performers (hereinafter collectively referred to as "artists") by which CBS Records has obtained the exclusive right to manufacture and sell records and tapes embodying their performances. By the terms of such contracts, each of the artists have granted to CBS Records their sole, exclusive and complete right to manufacture and sell records and tapes embodying recorded performances rendered by that artist, and CBS Records has acquired the complete ownership of each such recorded performance as embodied on such records and tapes as well as the sole, exclusive and complete right to use the name and likeness of each such artist in connection with the sale and advertisement of such records and tapes. Among the artists with whom CBS Records has entered into such contracts are Johnny Cash, Simon & Garfunkel, Ray Conniff, Blood, Sweat & Tears, Tammy Wynette, Lynn Anderson, Santana and Chicago who in their respective styles of performance have achieved great fame and recognition and whose recordings are in great demand.

4. Records and tapes manufactured and sold by CBS Records are conformed to the highest musical and technical standards. They are produced and manufactured by the use of microphones,

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sound mixing control systems, tape recording machines, disc recording lathes and many other items of specialized electronic and mechanical equipment purchased or leased by CBS Records at great cost, and maintained in good operating condition at great expense. Additionally, the master recordings ("masters") from which such records and tapes are manufactured, are produced at great expense to CBS Records at record studios owned and operated by CBS Records and with the labor of highly skilled musicians, engineers and other personnel paid by plaintiff.

5. Upon the sale of records and tapes manufactured and sold by CBS Records, and pursuant to its contract with artists, CBS Records becomes liable to pay royalties to the artists whose performances are embodied on such records and tapes. In addition, CBS Records becomes liable under various laws and contracts, to make other payments, including payments to the proprietors of the copyrights of the musical compositions embodied in such recordings, union scale payments to musicians and artists, and payments to various trusts established for the benefit of artists and musicians. CBS Records pays all such royalties and other payments when and as they become due and payable.

6. Certain records manufactured and sold by CBS Records embody performances of several selections by the same artist. Such records are popularly known as "album". CBS Records uses great skill and judgment, based upon its experience in the manufacture and sale of phonograph records, in selecting the performances to be so combined in each album, and in selecting the title of each album. For each such album a paper-board

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container is prepared called the "Jacket" on the front of which (i.e., the "cover") appears the name of the artist, the title chosen by CBS Records for that album, and other matters, including art work, produced or purchased and paid for by CBS Records. The jackets and covers are produced or purchased by CBS Records at great expense. Persons who generally purchase albums and who constitute the market for such albums request and order albums by the title given to them by CBS Records and the public has come to associate such album titles with CBS Records, and its trade name and trademark under which each such album is sold and with the artist whose performances are embodied on the album so titled, which are manufactured and sold by CBS Records.

7. CBS Records expends large sums of money to produce the original masters from which its albums are manufactured. For example, CBS Records has expended in excess of the following amounts of money to produce the original masters for which the following albums were manufactured:

Album	Amount
"Blood, Sweat & Tears 3"	$125,000.00
"Bridge Over Troubled Water"	76,000.00
"Abraxas"	50,000.00
"Johnny Cash At San Quentin"	20,000.00
"Santana"	25,000.00
"Andy Williams' Greatest Hits"	15,000.00
"Love Story"	55,000.00
"Rose Garden"	9,500.00

8. CBS Records has, from the date many of its albums

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were originally released, manufactured and sold a large quantity of 8-track tape cartridges and cassettes of each of those albums, and such cartridges and cassettes are packaged in an attractive and distinctive container which contains the title of the album, the name of the artist whose performances are embodied thereon, CBS's trademark and trade name and a reproduction of the art work used on the cover of the album.

9. From through the present time, CBS Records has expended in excess of to advertise all recordings manufactured and sold by CBS Records. Such sum was expended for the purpose of familiarizing the public with CBS Records trademark and trade name, the names of the artists with whom CBS Records has recording contracts and the titles of the albums and tapes embodying the performances of such artists manufactured and sold by CBS Records. As a result of such advertising and of the expenditure of such sum of money, the public has come to associate CBS Records and its trademark and trade names and the names of such artists with the titles chosen by CBS Records for those albums.

10. CBS Records has not given any of the plaintiffs consent to offer for sale or sell any tapes which have been duplicated without the permission or consent of CBS Records.

11. CBS Records has not given any of the plaintiffs consent to duplicate and transfer to magnetic tapes or any other device or have any part of any recorded performance contained or embodied in any album or any other phonograph record or

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any tape manufactured and sold by CBS Records.

12. CBS Records has not given any of the plaintiffs consent to use in connection with the sale of any unauthorized duplicated tape, the name of any artist under contract with CBS Records or any titles of any album manufactured or sold by CBS Records or any imitation of the title of any album manufactured or sold by CBS Records.

WALTER L. DEAN

Sworn to before me this 18th
day of November, 1971.

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Affidavit of Rocco M. Laginestra, Record at 63-67.

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT

OF UTAH, CENTRAL DIVISION

TAPE HEAD COMPANY, INC., a Utah corporation R. A. RIDGES DISTRIBUTING CO., INC., a Utah corporation, and all other persons IN A CLASS SIMILARLY SITUATED, Plaintiffs, vs. RCA CORPORATION, a/k/a RADIO CORPORATION OF AMERICA, a Delaware corporation, COLUMBIA BROADCASTING SYSTEM, INC., a New York corporation, AMERICAN BROADCASTING CO., INC., a New York corporation, and AMPEX CORPORATION, a California corporation Defendants	CIVIL ACTION NO C-255-71 AFFIDAVIT

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

ROCCO M. LAGINESTRA, being duly sworn, deposes and says

1. I am President of RCA Records, a division of National Broadcasting Company, Inc., a Delaware Corporation and a wholly-owned subsidiary of RCA Corporation, a Delaware Corporation and one of the defendants named herein.

2. RCA Records is, and at all times material hereto, has been engaged in the manufacture and sale of sound recordings in the form of disc and magnetic tape in which have been embodied by the skill and expense of RCA Records, musical performances of noted performing artists. RCA Records is one of the leading manu-

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facturers of such recordings, and its name and reputation are widely and favorably known throughout the United States.

3. RCA Records has entered into written contracts with various noted performing artists and groups of artists, including Elvis Presley, Jefferson Airplane, the Friends of Distinction, John Denver, Amos Moses and The Guess Who. By the terms of said contracts, RCA Records has been granted by each of said artists and groups of artists the exclusive right to manufacture and sell sound recordings embodying performances rendered by them, and RCA Records has acquired the complete ownership of the artists' performances as rendered and so embodied, as well as the exclusive right to use the name of the artist or artists in connection with the sale of such recordings.

4. In the course of RCA Records' business and pursuant to said contracts, said performing artists have appeared from time to time at recording studios owned or operated by RCA Records and there rendered performances. By the use of costly microphones, sound mixing control systems, tape recording machines, disc recordi lathes, and other pieces of specialized electronic equipment which have been purchased by RCA Records, and with the labor of highly sk musicians, engineers and other personnel employed and paid by RCA Records, RCA Records has embodied the performances thus rendered up master recordings. From said master recordings, RCA Records has manufactured, at factories owned and operated by it, and by the use of costly machinery and apparatus purchased by RCA Records for the purpose, and by the labor of persons employed and paid by RCA Record recordings for sale. RCA Records invests approximately $3,000,000 annually in recording equipment and other facilities necessary to th production of high quality sound recordings. RCA Records employs ov 4,000 persons and has an annual payroll in excess of $30,000,000.

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5. Upon the sale by RCA Records of such a recording so manufactured, RCA Records becomes liable, pursuant to its said contracts, to pay a royalty with respect to said performances as thus embodied. In addition, upon such sale, RCA Records becomes liable, by federal law and by contracts, to pay fees to each of the owners of the copyrights in the musical compositions used in the recorded performance. In addition, upon such sale and pursuant to written contracts with the American Federation of Musicians and the American Federation of Television & Radio Artists, RCA Records becomes liable to pay to designated trustees fees used for the benefit and welfare of performing artists and musicians. RCA Records satisfies each of its said liabilities by paying, when due, all of said royalties, license fees and trust fees. For the year 1970, RCA Records' payments of royalties to artists have exceeded $6,000,000, RCA Records' payments of license fees have exceeded $7,000,000, and RCA Records' payments to the trustees designated by the American Federation of Musicians and the American Federation of Television & Radio Artists have exceeded $1,000,000. These payments are in addition to the very substantial cost of flat fee payments made to musicians and others in accordance with RCA Records' contracts with the appropriate union, which in 1970 exceeded $2,000,000.

6. Certain of the recordings thus manufactured by RCA Records embody performances by the same artist or artistic group of numerous selections chosen and arranged on the recordings in accordance with RCA Records' judgment and experience as to commercial appeal. Such recordings are popularly known as "albums". For each such album, RCA Records prepares a paperboard container called a jacket, on the front of which, i.e., the "cover" is set forth, among other things, the name of the performing artist or artistic

group and a title chosen by RCA Records for the album as a whole in accordance with RCA Records' judgment and experience as to commercial appeal. In the market place, albums are requested and ordered by prospective purchasers by the titles given them by RCA Records, and said titles are associated by the public with RCA Records and with the artists or artistic group whose performances are embodied in the albums so titled.

7. In order to popularize RCA Records, the performing artists and artistic groups with whom it has recording contracts, and the recordings embodying their performances manufactured by RCA Records pursuant to said contracts, RCA Records spends large sums of money in advertising which associates RCA Records' name and the names of said artists and artistic groups with the titles chosen by RCA Records for the albums embodying such performances, and with the titles of the selections contained on the single records embodying such performances. Within the last three years, RCA Records has spent in excess of $5,000,000 in such advertising.

8. RCA Records has from the date of release of the foregoing albums, manufactured and sold a large quantity of 8-tract tape cartridges and cassettes of each of those albums, and such cartridges and cassettes are packaged in an attractive and distinctive container which contains the title of the album, the name of the artist whose performances are embodied thereon, RCA Records' trademark and trade name and a reproduction of the artwork used on the cover of the album.

9. RCA Records has not given any of the plaintiffs consent to offer for sale or sell any sound recordings belonging to RCA Records which have been duplicated without the permission or consent of RCA Records. RCA Records has not given any of the plaintiffs consent to duplicate and transfer to magnetic tapes or any other device, any part of any recorded performance contained or embodied in any album, or any other sound recording manufactured and sold by RCA Records.

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10. RCA Records has not given any of the plaintiffs consent to use in connection with the sale of any unauthorized duplicated sound recording, the name or likeness of any artist under contract with RCA Records or any titles of any album manufactured or sold by RCA Records or any imitation of the title of any album manufactured or sold by RCA Records.

11. RCA Records has not commenced, since the passage of Public Law 92-140 on October 15, 1971 (S.646), any actions against any persons for the manufacture and sale of unauthorized duplicated sound recordings owned by RCA Records. RCA Records is now actively prosecuting only one civil claim for the unauthorized duplication of sound recordings, Dutchess Music Corporation et al v. Martin Stern et al, U. S. D. C. Arizona.

Rocco M. Laginestra

Sworn to me this 18th day
of November, 1971

JULIAN P. COLLARD
NOTARY PUBLIC, State of New York
No. 31-0767513
Qualified in New York County
Commission Expires March 30, 1973

Affidavit of Paul M. Wolsk, Record at 72-76.

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT

OF UTAH, CENTRAL DIVISION

TAPE HEAD COMPANY, INC., a Utah corporation R.A. RIDGES DISTRIBUTING CO., INC., a Utah corporation, and all other persons IN A CLASS SIMILARLY SITUATED, Plaintiffs, vs. R C A CORPORATION, a/k/a RADIO CORPORATION OF AMERICA, a Delaware corporation, COLUMBIA BROADCASTING SYSTEM, INC., a New York corporation, AMERICAN BROADCASTING CO., INC., a New York corporation, and AMPEX CORPORATION, a California corporation Defendants	CIVIL ACTION NO C-255-71 AFFIDAVIT

STATE OF NEW YORK)
)ss
COUNTY OF NEW YORK)

PAUL M. WOLSK, being duly sworn, deposes and says:

1. I am an attorney for Ampex Corporation ("Ampex"), a California corporation, and I am fully familiar with the facts herein alleged.

2. Ampex, through its Music Division, is engaged, inter alia in the manufacture and sale of prerecorded magnetic tapes ("Tapes"), including 8-track stereo tapes, embodying the performances of musical compositions by various and well-known

artists and musicians. The Tapes manufactured and sold by Ampex are widely and favorably known to be of the highest artistic and technical quality.

3. Ampex has acquired the right to manufacture and sell the Tapes pursuant to license agreements with many leading record companies (the "Ampex Licensors"). The Ampex Licensors have acquired the exclusive ownership of the master recordings embodying the performances of the artists and musicians from which the Tapes are derived pursuant to talent agreements with the artists and musicians and the exclusive right to authorize the manufacture and sale of Tapes embodying their performances. The Ampex Licensors have also acquired the exclusive right pursuant to the talent agreement to authorize the use of the names and likenesses of the artists and musicians upon the containers of the Tapes and Ampex has acquired the right to do so from the Ampex Licensors in connection with the manufacture, sale and advertising of the Tapes.

4. The master recordings embodying the performances of the artists and musicians from which the Tapes are derived, were produced by the Ampex Licensors at great cost and expense with the labor of highly skilled musicians, engineers and other personnel engaged by the Ampex Licensors. Ampex and the Ampex Licensors have expended substantial sums of money to advertise and promote the Tapes for the purpose of causing the public to, and the public has come to, associate the names of Ampex,

the Ampex Licensors, and the artists and musicians whose performances are embodied in the Tapes with the titles chosen by the Ampex Licensors for those Tapes.

5. Upon information and belief, the plaintiffs herein have appropriated and pirated the property of the Ampex Licensors and Ampex by offering for sale and selling, at greatly reduced prices, prerecorded tapes embodying the master recordings owned by the Ampex Licensors (the "Pirated Tapes") to the public commercially for their own profit. Upon information and belief, the recorded performances embodied in the Pirated Tapes were transferred and duplicated onto the Pirated Tapes, without permission or authority from Ampex or the Ampex Licensors and contain exactly the same recorded performances embodied on the Tapes manufactured and sold by Ampex. Upon information and belief, included among the titles of the Pirated Tapes and the names of the artists and musicians whose performances are embodied thereon which the plaintiffs herein are offering for sale and selling to the public commerically for their own profit are set forth in Exhibit A, attached hereto and made a part hereof.

6. Upon information and belief, the plaintiffs herein publish and disseminate, both orally and in writing, the titles chosen by the Ampex Licensors for the Tapes and the names of the artists and musicians whose performances are embodied therein.

7. The plaintiffs herein have not received the permission or authority of Ampex or the Ampex Licensors to offer for sale or sell the Pirated Tapes and no payments whatsoever have been made to the Ampex Licensors, the artists and musicians whose

performances are embodied therein and/or the American Federation of Musicians Special Payment Funds and Trust Funds, on account of the sale of the Pirated Tapes.

8. Upon information and belief, the Pirated Tapes that the plaintiffs herein are offering for sale and selling are distorted and of inferior quality compared with the Tapes manufactured and sold by Ampex. These Pirated Tapes are far below the quality generally associated with the Tapes manufactured and sold by Ampex.

9. Ampex and the Ampex Licensors have cooperated with the federal, state, city and county law enforcement agencies to prevent the manufacture and sale of Pirated Tapes throughout the United States, culminating in criminal prosecutions in New York, California, Texas and elsewhere. On April 22, 1971, Ampex and the Ampex Licensors initiated a civil action in the Superior Court of the State of California for the County of Los Angeles against nine distributors and sellers of Pirated Tapes and obtained a Temporary Restraining Order on that date against all of the defendants. On May 5 and June 2, 1971, Preliminary Injunctions were granted against all of the defendants.

Paul M. Wolsk
PAUL M. WOLSK

Sworn to before me this
18th day of November, 1971

Teresa McManus

TERESA McMANUS
Notary Public, State of New York
No. 24-7065785
Qualified in Kings County
Term Expires March 30, 1972

EXHIBIT "A" TO AFFIDAVIT OF PAUL WOLSK

Names of artists and performers licensed to Ampex which are included among unauthorized tapes offered by plaintiffs:

Reprise Records (Licensor to Ampex)

Joni Mitchell - "Blue"

Atlantic Records (Licensor to Ampex)

Aretha Franklin - "Aretha's Greatest Hits"

Crosby, Stills, Nash & Young - "Four Way Street"

Bell Records (Licensor to Ampex)

"The Partridge Family"

Cotillion (Licensor to Ampex)

Emerson, Lake and Palmer - "Tarkus"

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SEP 26 1972

IN THE

Supreme Court of the United States

OCTOBER TERM, 1971

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,
Petitioners,

—against—

STATE OF CALIFORNIA,
Respondent.

ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT OF THE SUPERIOR COURT OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BRIEF OF THE HARRY FOX AGENCY, INC., *AMICUS CURIAE*

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BRIEF OF THE HARRY FOX AGENCY, INC., *AMICUS CURIAE*

A. The Interest of The Harry Fox Agency, Inc., *Amicus Curiae*

The Harry Fox Agency, Inc. (hereinafter referred to as the "Agency") is one of the major service agencies in the United States music industry. It represents more than three thousand five hundred music publishers in the licensing and enforcing of the rights of mechanical reproduction in their respective copyrighted musical works.[1]

[1] A listing of the music publisher principals of the Agency supplemented to May, 1972, entitled "The Harry Fox Agency, Inc.—Directory of Music Publishers" is being separately filed herewith as "Amicus Exhibit A". The right of mechanical reproduction is one of the separate rights in a musical work protected under the Copyright Law, 17 U.S.C.

Generally, the authors of a musical work assign the copyright therein to a music publisher pursuant to an agreement which requires payment to the authors of specified royalties computed from the amount earned by the exploitation of the work. The almost uniform royalty payment to authors for mechanical uses of their copyrighted musical works is fifty percent of the monies received by the publishers.[2] For each unauthorized recording manufactured, the authors of the musical works reproduced thereby, as well as the music publishers, are deprived of income. Unauthorized recordings have become known in the trade as "pirated" or "bootleg" recordings.

The Agency operates pursuant to the separate instructions of each of its music publisher principals in the issuance of agreements to more than 1,500 legitimate phonograph record and tape recording manufacturers in the United States, for their uses of its principals' respective copyrighted musical works in the manufacture of recordings for commercial distribution. During the past calendar year, more than 60,000 such agreements were issued by the Agency. In addition, the Agency issues agreements on behalf of its principals for the uses of their respective copyrighted musical works in the manufacture of recordings for purposes of public performance for profit, by means of radio, television, motion pictures and background music systems.[3] Royalty payments for the uses of its principals'

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[2] Shemel and Krasilovsky, This Business of Music, rev. ed., 1971, at pp. 126, 127, 179.

[3] Section 1 (e) of The Copyright Law (17 U.S.C. § 1 (e)) treats differently the right to make recordings of copyrighted musical works for purposes of public performance for profit from the right to manufacture recordings for commercial distribution. The former is set forth in the main portion of Section 1 (e), and is the exclusive right of the copyright proprietor. The latter is set forth in the proviso to Section 1 (e), and is exclusive only until the copyright proprietor has

(*footnote continued on following page*)

copyrighted musical works are collected by the Agency, which deducts a commission and distributes the remainder to its appropriate principals. The Agency retains certified public accountants who periodically audit the books and records of the legitimate manufacturers to verify the accuracy of their royalty reports and payments.

Income from mechanical uses is one of the two major sources of income earned by a musical work.[4] In 1968, total mechanical royalties collected by music publishers in the United States amounted to approximately $44.8 Million.[5] Currently, it is closer to $80 Million. The Agency collects approximately sixty percent of all mechanical royalties collected in the United States.[6] The Agency estimates that music publishers and authors are being deprived of more than $10 million annual income by the manufacturers of pirated recordings.[7]

(*footnote continued from preceding page*)

"used or permitted or knowingly acquiesced" in the manufacture of a recording for commercial distribution (the terminology of the proviso is "use of the copyrighted work upon the parts of instruments serving to reproduce mechanically the musical work"). Thereafter, the copyrighted musical work becomes subject to a statutory compulsory license for the manufacture of other recordings for commercial distribution, detailed in the proviso to Section 1 (e) and in Section 101 (e). The copyrighted musical work then may be used by any manufacturer of recordings for commercial distribution who utilizes his own recording artists, musicians and technicians to make a new recording of the copyrighted musical work, and otherwise complies with the compulsory license provisions.

[4] Knight, The Mechanical Royalty Rate on Sound Recordings: Survey of Issue Before the Judiciary Committee of the Congress, Library of Congress Legislative Reference Service, June 30, 1969, at p. 21.

[5] Id. at 23.

[6] See ibid.

[7] Marketing—The $100-Million Market in Bootleg Tapes, Business Week, May 15, 1971.

For many years, The Agency has supervised a vigorous copyright enforcement program on behalf of its principals against manufacturers and sellers of pirated recordings.[8] The profits derived from pirated recordings are so great, and the investment capital requirement so small,[9] that new pirates constantly appear. They seek a quick fortune at the expense of virtually all legitimate members of the music industry and employ all devious means to avoid detection.[10] As a result, the Agency has actively supported state legislation making it a crime to engage in the manufacture and exploitation of pirated recordings. Such legislation has proven to be of substantial benefit to all legitimate members of the music industry, and a necessary weapon in the fight for their economic survival.

---

[8] Some illustrative reported court decisions are: Shapiro Bernstein & Co. v. Goody, 248 F.2d 260 (2 Cir. 1957), cert. den. 355 U.S. 952 (1958); Shapiro, Bernstein & Co. v. Remington Records, Inc., 265 F.2d 263 (2 Cir. 1959); Reeve Music Co. v. Crest Records, Inc., 285 F.2d 546 (2 Cir. 1960); Shapiro, Bernstein & Co. v. H.L. Green Co., 316 F.2d 304 (2 Cir. 1963); Screen Gems-Columbia Music, Inc. v. Mark-Fi Records, Inc. 256 F.Supp. 399 (S.D.N.Y. 1966), and 327 F. Supp. 788 (S.D.N.Y. 1971), mod'd. 453 F.2d 552 (2 Cir. 1972); and Duchess Music Corp. v. Stern, 458 F.2d 1305 (9 Cir. 1972), rehear'g. den'd. April 26, 1972.

[9] Statement of Albert Berman, managing director of The Harry Fox Agency, Inc. Hearings on S.646 and H.R. 6927 Prohibiting Piracy of Sound Recordings, before Subcommittee No. 3 of the House Committee on The Judiciary, 92d Cong., 1st Sess. Ser. 7, at 58 (1971) (Hereinafter referred to as "Piracy Hearings").

[10] See: Screen-Gems-Columbia Music Inc. v. Mark-Fi Records, Inc., 256 F.Supp. 399 (S.D.N.Y. 1966); Statement of Robert C. Osterberg on Behalf of The Harry Fox Agency, Inc., Piracy Hearings, Ser. 7 at 64 (1971).

Argument

The Agency endorses the legal arguments and conclusions presented in the Brief of Respondent and the Brief of Recording Industry Association of America, Inc., appearing as amicus curiae herein. Both briefs have been thoroughly reviewed and considered by the Agency's counsel. It is respectfully submitted that they contain a highly skilled and persuasive discussion of all pertinent legal principles.

If recordings may be lawfully duplicated as soon as they are released for commercial distribution, the destruction of the value of the rights of mechanical reproduction in copyrighted musical works inevitably will follow. Virtually no intelligent business enterprise would thereafter consider making the large capital investment required to produce an original recording.[11] The obvious incentive would be to duplicate rather than originate. Even if a duplicator should pay royalties to the music publisher, the lack of incentive to make original recordings will seriously impair the value of the publisher's exclusive right to license the first recording of the copyrighted musical work (17 U.S.C. §1 (e)). Furthermore, multiple recordings of a musical work increase its potential value. For example, people who do not purchase a recording of a musical work by Elvis Presley, may purchase a recording of the same musical work by the Beatles, or other artists. The history of the music business is replete with examples of new recordings exceeding the popularity of earlier recordings by other artists. The public welfare is not advanced by duplicators of another's recordings. The duplicates do not increase the selection of music offered to the public. Only original recordings serve that function.

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[11] The high cost of making original recordings is fully discussed at pp. 8, 9 in The Brief of Recording Industry Association of America, Inc., Amicus Curiae herein.

CONCLUSION

It is respectfully submitted that the judgment of conviction should be affirmed.

Respectfully submitted,

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Supreme Court, U.S.
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MICHAEL RODAK, JR., CLERK

IN THE

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v.

STATE OF CALIFORNIA, *Respondent*.

On Writ of Certiorari to the Appellate Department of the Superior Court of County of Los Angeles, State of California

MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE AND BRIEF AMICI CURIAE FOR AMERICAN FEDERATION OF MUSICIANS AND AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS

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September, 1972

PRESS OF BYRON S. ADAMS PRINTING, INC., WASHINGTON, D. C.

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---

MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE

The American Federation of Musicians and the American Federation of Television and Radio Artists hereby respectfully move for leave to file the attached brief *amici curiae*. Counsel for respondent has consented to the filing of this brief, but counsel for petitioners has declined to consent.

The American Federation of Musicians (AFM) is a labor organization representing more than 280,000 instrumental artists and performers. The American Federation of Television and Radio Artists (AFTRA) is a labor organization representing more than 23,000 vocal artists. Both of these organizations through their members have a direct financial interest in the basic issue presented by this case, i.e., whether the State of California may exercise its police power so as to proscribe and penalize the manufacture and sale of prerecorded tapes copied from musical sound recordings without the consent of the owners of the rights to those recordings.

Musicians who belong to the AFM and vocalists who belong to the AFTRA provide the musical talents that are the very essence of these sound records and their fees and royalties derive in large part from the legitimate sales of those recordings. To the extent that these recordings are pirated and taped without the authorization of the record manufacturers, these instrumentalists and vocalists are denied the fees and royalties that their talents demand. Moreover, a public service organization known as the Music Performance Trust Funds sponsors free public concerts throughout the United States and Canada; its income is derived from payments from the record manufacturers based upon legitimate record sales. Thus to the extent that these Funds are denied payments because of the improper diversion of sales of legitimate recordings to sales of unauthorized tapes and to the extent that the Funds are thereby unable to provide such public concerts, the AFM members who perform in those concerts are denied the fees and income they normally derive therefrom.

In denying consent to the filing of the attached *amici curiae* brief, counsel for the petitioners has stated to counsel for *amici curiae* that he could "see no purpose in your proposed brief in that the question to be decided by the Court deals with sound recordings fixed or published prior to February 15, 1972" and thus "whatever interest your union clients may have in prospective recordings, they would not seem to have any substantial interest in recordings which have already been fixed or published." Letter, dated July 10, 1972. Such a contention is unfounded.

This case does involve the unauthorized taping of sound recordings fixed or published prior to February 15, 1972, the effective date of the new federal statute granting interim copyright protection to sound recordings. But the *amici curiae* continue to have a direct and substantial interest in the unauthorized tapings of these earlier sound recordings. Fees, royalties and payments received by the members of the *amici curiae* are of a continuing nature, being dependent in large part on continuing sales of sound recordings that often occur for years after their original publication.

The petitioners have been charged with making and selling unauthorized tapes during an 11-month period preceding March 3, 1971. While precise figures are unavailable, during that period the AFM estimates that its members lost nearly $10,000,000 in fees and royalties because of such unauthorized tapes; the AFTRA estimates that its members lost nearly $7,000,000 in royalties; and the Music Performance Trust Funds estimates its loss of payments that would otherwise have been made by the record manufacturers in the millions of dollars, much of which would have been disbursed to AFM members performing the free pub-

lic concerts. Such losses, stemming from the pre-February 15, 1972, recordings, continue to this day.

Precisely because this case does involve only those unauthorized tapes of recordings made prior to February 15, 1972, the *amici curiae* desire to emphasize to this Court in the attached brief the narrow but critical constitutional considerations that they believe should govern the decision in this case. They also desire to present a few policy considerations that they suggest the Court should take into account. While these matters are necessarily encompassed by the brief of the respondent State of California, the *amici curiae* believe that their restatement and refinement in the attached brief can be of some assistance to this Court in resolving the important constitutional issue at stake.

Accordingly these *amici curiae* request permission to file the attached brief in support of the respondent State of California.

Respectfully submitted,

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BRIEF AMICI CURIAE FOR AMERICAN FEDERATION OF MUSICIANS AND AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS

The *amici curiae* fully support the position and the arguments set forth in the brief of the respondent State of California. And, additionally, they agree with and adopt the policy and constitutional considerations contained in the *amicus curiae* brief that the Recording Industry Association of America, Inc., has sought leave to file herein.

But there are certain considerations, both of a constitutional and a policy nature, that these *amici curiae* wish to refine and emphasize. From the viewpoint of these *amici curiae,* these considerations should be dispositive of the case and lead to an affirmance of the judgment below.

1. The California statute, as applied to protect recordings made before February 15, 1972, presents no constitutional problem as to pre-emption by the federal copyright power.

The narrow and sole constitutional question posed by this case concerns the police power of the State of California to proscribe and penalize the manufacture and sale of unauthorized tapings of musical recordings that were fixed prior to February 15, 1972—the effective date of the recent extension of federal copyright protection for the first time to sound recordings (85 Stat. 391). The petitioners were charged with and convicted of making and selling unauthorized tapes during the 11-month period preceding March 3, 1971. App. 15-23. Thus there can be no question here as to the pre-emptive impact of the new and subsequent federal statute on the application of the California statute (Cal. Penal Code § 653h).[1] The only question presented by the facts of this case is whether, at a time when no federal copyright protection was available for musical recordings, the unexercised federal copyright power somehow precluded and pre-empted the California criminal provision.

---

[1] Section 3 of this recent amendment to the Copyright Act expressly states that it shall not "be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act [February 15, 1972]." Public Law No. 92-140, 85 Stat. 391 (Oct. 15, 1971).

The critical constitutional fact in this case is that at the time when petitioners pirated the sound recordings Congress had not placed sound recordings within the ambit of its copyright protection. The federal Copyright Act dates back to 1909. But at no time prior to 1972—and certainly not during the period of petitioners' challenged activities—had the Copyright Act been made applicable to sound recordings. See 37 C.F.R. § 202.8(b) (1967). Until Congress enacted Public Law No. 92-140, 85 Stat. 391, on October 15, 1971, Congress simply had not exercised its constitutional power under Art. I, Sec. 8, cl. 8, to place phonograph or sound recordings under the umbrella of copyright protection.

That fact has several important implications as to the basic constitutional issue that petitioners have here raised. Essentially the claim is that the California statute in question, Section 653h, by outlawing the transfer of sounds recorded on phonograph records without the owners' consent and for profit, somehow invades an area pre-empted by the Copyright Clause of the Constitution and hence must fall by virtue of the Supremacy Clause.

But the failure of Congress to exercise its undoubted power to accord copyright status to published sound recordings drains all strength from this assertion. During the 11-month period preceding March 3, 1971, which is the only period made relevant by the facts of this case, Congress had not taken any action to pre-empt the field as to sound recordings. And it has long been established that the supremacy or pre-emption concept does not apply to matters that are constitutionally within the power of Congress but have not been subjected to that power, at least where the

matter otherwise lies within the constitutional competence of state police power.[2]

This Court has made it clear that supersession is normally not to be decreed unless Congress acts and unless at least one of the following tests has been met:

(1) The scheme of federal regulation must be "so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it." *Rice* v. *Santa Fe Elevator Corp.*, 331 U.S. 218, 220 (1947).

(2) The federal statutes must "touch a field in which the federal interest is so dominant that the federal system [must] be assumed to preclude enforcement of state laws on the same subject." *Ibid.*

(3) Enforcement of the state laws must present "a serious danger of conflict with the administration of the federal program." *Pennsylvania* v. *Nelson*, 350 U.S. 497, 505 (1956). As Mr. Justice Black noted for the Court in *Hines* v. *Davidowitz*, 312 U.S. 52, 67 (1941), while "[t]his Court, in considering the validity of state laws in the light of treaties or federal laws touching the same subject, ha[d] made use of the fol-

[2] "In general the mere vesting of a power in Congress does not operate to exclude state regulation of the field. There are indeed exceptional cases where the history or intrinsic purpose of a constitutional grant to Congress compels the conclusion that particular state regulation is excluded even though Congress has not acted, but it is doubtful whether the present case [the protection of musical performers' rights] warrants such treatment. After all, it is always open to Congress to step in and assert its control if it is dissatisfied with the state regulation." Kaplan, Performer's Right and Copyright: The Capitol Records Case, 69 Harv. L. Rev. 409, 420-421 (1956).

lowing expressions: conflicting; contrary to; occupying the field; repugnance; difference; irreconcilability; inconsistency; violation; curtailment; and interference ... [i]n the final analysis," the Court's function is to determine whether the challenged state statute "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress."

This Court recently observed in *Perez* v. *Campbell*, 402 U.S. 637, 649 (1971), that these tests and articulation of the meaning of the Supremacy Clause have frequently been adhered to by the Court. And among the instances cited in *Perez* where the Supremacy Clause has been so construed was *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 229 (1964), the leading patent-copyright case, where Mr. Justice Black wrote for the Court that "When state law touches upon the area of these federal [patent or copyright] statutes, it is 'familiar doctrine' that the federal policy 'may not be set at naught, or its benefits denied' by the state law."

The foregoing criteria must therefore be examined and utilized in determining whether, at a time when no federal copyright protection was available for sound recordings, the Supremacy Clause operated to make the unexercised federal power supreme. The *amici curiae* suggest that these criteria, as applied to the facts of this case, compel a negative answer to that inquiry.

To begin with, there is nothing in the nature of copyrights as such that makes all conceivable subjects and all conceivable aspects thereof the exclusive domain of the Federal Government, constitutionally speaking. While copyrights, like patents, can be and are con-

trollable by Congress so as to promote "the constitutional plan of a competitive economy," *Aro Mfg. Co.* v. *Convertible Top Co.*, 377 U.S. 476, 572 (1964), there has never been any indication from Congress that the effectuation of that constitutional plan demands the exclusion of all state efforts to regulate or control copyright and patent matters that Congress has either excluded from its control or refrained from imposing any control. Indeed, in 17 U.S.C. § 2, Congress has expressly carved out of the Copyright Act and given recognition to state efforts designed to prevent the copying, publication or use of unpublished writing without the author's consent. See also *Watson* v. *Buck*, 313 U.S. 387 (1941), holding that the federal copyright laws do not preclude state efforts to outlaw the combination of music copyright owners to fix prices or grant licenses.

Nor is there anything in this Court's decisions in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), and in *Compco Co.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), that indicates that patents and copyrights are so exclusively and pervasively federal in nature as to exclude state controls even as to subjects or aspects that lie outside the federal legislative scheme. Both *Sears* and *Compco* were concerned solely with products that were the subjects of federal concern and were susceptible to whatever protection federal patent law alone might provide; and the products that were there copied had simply failed to pass muster under established federal patent standards. Hence the Court in those cases had no occasion to rule on the pre-emptive reach of federal patent or copyright law as respects products that fell completely out-

side the reach of that law.[3] Fairly read, the language of the *Sears* and *Compco* opinions lends no support whatever to the notion that the constitutional or congressional copyright scheme is so pervasive, so dominant, so intolerant of any and all state regulation as to render unconstitutional an effort by the State of California to protect sound recordings against unauthorized appropriation. Particularly is that true at a time when Congress had excluded sound recordings from any possible copyright protection.

What the Court did say in the *Sears* opinion respecting the exclusiveness of federal patent laws serves to reinforce the conclusion that the Court did not mean to imply that such exclusiveness is all-pervasive. The Court there said, 376 U. S. at 230-231:

> Thus the patent system is one in which uniform federal standards are carefully used to promote invention while at the same time preserving free competition. Obviously a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time. Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competi-

[3] Some lower courts have suggested that federal pre-emption extends to anything that constitutionally could be included within the Copyright Act. *Cable Vision, Inc.* v. *KUTV, Inc.*, 335 F.2d 348 (9th Cir. 1964), cert. denied, 379 U.S. 989 (1965); *C.B.S.* v. *DeCosta*, 377 F.2d 315 (1st Cir. 1967), cert. denied, 389 U.S. 1007 (1967). But this Court has never made that determination, and the denial of certiorari in those cases cannot be construed as approval by this Court of the suggestion contained in the lower court opinions.

> tion, give protection of a kind that clashes with the objectives of the federal patent laws.

What the Court was obviously saying was that a State may not directly or indirectly encroach upon the subjects or the objects of the federal patent laws. When, by virtue of those federal laws, an article is either protected or unprotected, a State may not act so as to change that article's status.

To reiterate, both *Sears* and *Compco* involved, as a starting premise, an article that was subject to the federal patent laws. Both the pole-lamp and the reflector there involved were entitled to patents if the federal standards of invention were satisfied. Only because those standards were not met did the articles lose their patentability and thus fall into the public domain, to be freely copied. It was in that context that the Court concluded in *Sears,* 376 U. S. at 232-233, that "because of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying." Or, as reiterated in *Compco,* 376 U. S. at 237, "when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article," since to forbid copying in these circumstances "would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain."[4]

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[4] While the Court in *Sears* and *Compco* was dealing only with unpatented articles, the numerous references in the two opinions to both patents and copyrights make it plain that, at least by *dicta,* the same type of exclusiveness adheres to the federal copyright system as was found to mark the federal patent system. See *Sears,* 376 U.S. at 225, 229, 232; *Compco,* 376 U.S. at 237.

Thus the exclusiveness of the federal copyright systems concerns only those copyrightable articles that fall either within or without the public domain by virtue of the application and operation of the federal copyright laws. Completely left untouched by the supremacy concepts dealt with in *Sears* and *Compco* are those articles—like sound recordings fixed prior to February 15, 1972—that Congress had not seen fit to subject to its copyright laws. As to such uncopyrightable articles it may fairly be asked how they come within any pervasive federal scheme respecting copyrights. Congress had refused at all relevant times to extend any copyright protection to them, but at the same time Congress had made no direct or indirect pronouncement that these articles are to be deemed in the public domain. They certainly cannot be said to have fallen in the public domain by virtue of a determination that, as was true of the lighting fixtures in *Sears* and *Compco,* they were unable to meet the federal standards fixed by applicable copyright or patent laws. *Sears* and *Compco* make plain that under the federal scheme an article failing to meet the standards of patentability is deemed to be in the public domain and hence may be freely copied. But those decisions did not say that all articles that totally fall outside the ambit of the federal patent and copyright laws are necessarily in the public domain *as a matter of federal policy.*

The short of it is that prior to February 15, 1972, there was no federal copyright scheme or policy respecting sound recordings. Federal law was at that time silent. And to permit a state law to outlaw during that pre-1972 period the copying of an uncopyrightable article—uncopyrightable because Congress had not permitted it to be copyrighted under any circum-

stances—cannot be said in the words of the *Sears* opinion to "permit the State to block off from the public something which federal law has said belongs to the public." 376 U.S. at 232. Federal law did not say, at least prior to 1972, that the creative and developmental efforts involved in the production of sound recordings belong to the public, to be freely copied at will whenever federal copyright standards had not been met.

Thus at a time when Congress had failed to exercise its copyright power respecting sound recordings, the three critical tests employed by this Court to determine the supremacy of federal law have not been met. An application of those criteria, as summarized in *Pennsylvania* v. *Nelson,* 350 U. S. 497, 502-506 (1956), and repeated heretofore (p. 8, *supra*), shows:

(1) The scheme of federal copyright protection prior to 1972, by virtue of its deliberate and total omission of phonograph or sound recordings, was not "so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it," as California here sought to do.

(2) The failure of Congress to interest itself prior to 1972 in the matter of sound recordings precludes any conclusion that the federal copyright law at that time touched the field of sound recordings in any meaningful manner. There can be no suggestion that during the period of petitioners' piratical activities the federal interest in sound recordings was "so dominant that the federal system [must] be assumed to preclude enforcement of state laws on the same subject." Cf. *Rice* v. *Santa Fe Elevator Corp.,* 331 U. S. 218, 220 (1947).

(3) Finally, and quite obviously, enforcement of Section 653h of the California Criminal Code at any

time prior to February 15, 1972, cannot present "a serious danger of conflict with the administration of the federal program." *Pennsylvania* v. *Nelson,* 350 U. S. 497, 505 (1956). As respects sound recordings there was no federal program to be administered prior to February 15, 1972.

Pre-emption, then, is constitutionally justifiable only in the interest of preserving an existing superior federal interest in a given matter, as expressed by Congress. As early as *Gibbons* v. *Ogden,* 9 Wheat. 1, 211 (1824), Chief Justice Marshall stated the governing principle of the Supremacy Clause to be the invalidation of "acts of the State Legislatures . . . [which] interfere with, or are contrary to the laws of Congress, made in pursuance of the constitution." And when Congress has made no law in pursuance of its copyright power there can be no interference possible from a state legislative act touching upon such a copyright matter. Section 653h must therefore be deemed fully valid as applied to actions occurring before any enactment of federal copyright protection respecting sound recordings.

But there is an additional and equally compelling reason why pre-emption does not outlaw Section 653h in these circumstances. Even assuming that there was some federal copyright interest in sound recordings prior to 1972, though unexpressed by statute, there is nothing in the pre-emption doctrine as interpreted in the *Sears* and *Compco* cases that would render California's enforcement of Section 653h inconsistent with any such federal interest or policy.

Critical to any understanding of the constitutional reach of the federal copyright interest is the principle recognized by this Court in *Ferris* v. *Frohman,* 223

U. S. 424, 437 (1912): "It was not the purpose or effect of the copyright law to render secure the fruits of piracy." And there is no hint or suggestion in either the *Sears* or the *Compco* opinion that the federal patent interest, there held to be pre-emptive, was of such a nature as to render ineffective any state effort to punish unlawful and unauthorized appropriations, otherwise known as the "fruits of piracy."

The federal interest in patent or copyright matters, as precisely defined in *Sears* and *Compco,* is that which precludes a State from directly or indirectly preventing "the copying of an article which represents too slight an advance to be patented" and "too lacking in novelty to merit any patent at all under federal constitutional standards." *Sears,* 376 U. S. at 231-232. And the key to an application of this overriding federal interest is this notion of *copying or using.* If an article is entitled to a patent or copyright, the federal policy protects the owner for a given period of time against others *copying or using* that article, while if the article is not entitled to a patent or copyright the public is free to *use or copy* that article at will and the States may not otherwise provide. The very essence of the federal patent system, said the Court in *Special Equipment Co.* v. *Coe,* 324 U. S. 370, 378 (1945), is this "right to exclude others from using it [the invention]."

But appropriating the fruits of the labor of others and transforming those fruits into an entirely dissimilar form from that which is the embodiment of the federal interest is something quite different, and constitutionally different, from copying or using the identical article that is subject to the patent or copyright laws. When an additional element of deception,

appropriation or piracy enters the picture then new and different considerations come into play and as to those new elements the States may be constitutionally free to legislate or proscribe without running afoul of the superior but narrow federal interest.

Sears and *Compco* make that point crystal clear. In *Sears,* 376 U. S. at 238, the Court took pains to emphasize that the federal interest does not take from the States "power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original." In *Compco,* 376 U. S. at 232, the Court reiterated that "Doubtless a State may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods." And the *Sears* opinion further pointed, 376 U. S. at 231, fn. 7, to the continuing power of the States to protect unpublished writings—a matter obviously deemed unaffected by the federal copyright power.

It is further instructive to note that the Court in *Sears-Compco* did not mention, distinguish or overrule its prior decision in *International News Service* v. *Associated Press,* 248 U. S. 215 (1918), the leading case affording a common law remedy for misappropriation of copyrightable material. The opinion in *International News Service* exhibited complete awareness of the copyright provisions of the Constitution and the

provisions of the federal Copyright Act. Carefully noting that its determination was not affected by any "showing that the benefits of the Copyright Act have been waived," 248 U. S. at 235, the Court found its allowance of relief for misappropriation to be consistent with the federal constitutional and statutory concepts governing copyrights. Nothing therein was thought to preclude protecting the Associated Press' interest in the "expenditure of labor, skill, and money" involved in the acquisition of written news material in a situation where an appropriator of that material sought "to reap where it has not sown." 248 U. S. at 239. The *Sears-Compco* studied omission of any mention of the *International News Service* ruling strongly suggests that the Court found no reason to dispute the continuing efficacy of that decision.[5]

Certainly nothing in the *Sears-Compco* decisions is conceptually at war with the principles of *International News Service,* principles which exclude from the federal copyright arena any superior concern with the misappropriation of the work products involved in copyrightable matter. Such misappropriation must be deemed subject to whatever sanctions a State may otherwise properly impose.

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[5] The First Circuit's suggestion in *C.B.S.* v. *DeCosta,* 377 F.2d 315, 318 (1967), that the *International News Service* decision "has clearly been overruled" by the *Sears* and *Compco* decisions is a most dubious one. The Supreme Court was certainly aware of its prior *International News Service* ruling when it decided the *Sears* and *Compco* cases, and had it thought that the prior ruling was clearly inconsistent with its determinations in those cases it would likely have said so. The more reasonable assumption is that the Court felt that the *International News Service* concepts were both dissimilar to and consistent with those dealt with in *Sears-Compco* and that it was unnecessary to discuss or mention the earlier concepts in defining the narrow area of federal copyright preemption.

And so when Section 653h of the California Penal Code penalizes the willful transfer of sounds on a phonograph record, tape or film to some other "article on which such sounds are so transferred," with intent to sell that article for profit without the consent of the owner of the original recording, California is exerting its penal thrust upon an unlawful appropriation of the efforts of those who produced the original recording. California is *not* seeking to proscribe an exact copying of the sound recording in a form and shape that might lend itself—were the recordings in question copyrightable—to protection under the federal copyright laws. All that it is doing in Section 653h is placing sanctions on a form of unfair competition or misappropriation of the efforts of others—within the basic meaning of the *International News Service* rationale. That effort by California is not constitutionally forbidden under the Supremacy Clause, as the rationale of the *Sears* and *Compco* decisions makes plain.

Significantly, a host of judicial decisions rendered after the *Sears* and *Compco* rulings have recognized this vital distinction between copying and appropriation and have granted non-federal relief to those who have been victimized by misappropriation. See, e.g., *Greater Recording Co.* v. *Stambler,* 144 U. S. P. Q. 547 (N. Y. Sup. Ct. 1965); *Capitol Records, Inc* v. *Greatest Records, Inc.,* 43 Misc. 2d 878, 252 N. Y. S. 2d 553 (Sup. Ct. 1964); *Flamingo Telefilm Sales, Inc.* v. *United Artists Corp.,* 141 U. S. P. Q. 461 (N. Y. Sup. Ct. 1964), rev'd on other grounds, 22 App. Div. 778, 254 N. Y. S. 2d 36 (1964); *Bond Buyer* v. *Dealers Digest Publishing Co.,* 267 N. Y. S. 2d 944 (1966); *Capitol Records, Inc.* v. *Erickson,* 2 Cal. App. 3d 526 (1969), cert. denied, 398 U. S. 960 (1970); *Grove Press, Inc.* v. *Collectors*

Publications, Inc., 264 F. Supp. 603 (C. D. Cal. 1967); *KMLA Broadcast Corp.* v. *Twentieth Century Cigarette Vendors Corp.*, 264 F. Supp. 35 (C. D. Cal. 1967). This Court should likewise recognize that distinction and thereby sustain the constitutional validity of Section 653h, insofar as the Supremacy Clause is concerned.

2. The nationwide and deleterious scope of unauthorized tapings of musical sound recordings fully justifies the exercise of California's police power to penalize such actions.

This proceeding relates to a problem of vital concern to the general public, the recording industry and the countless thousands of recording artists and musicians. This problem, which has impelled the filing of this *amici curiae* brief, is one of blatant piracy, of obtaining a free and profitable ride on the efforts and talents of others. And it is to that problem that Section 653h of the California Penal Code addresses itself.

The brief of the petitioners (pp. 4-5) openly proclaims that the petitioners purchased recorded performances on the open market, made their own tape recordings of the said performances and then sold their taped recordings to the public with their own labels—all without obtaining the consent of the record manufacturer or the performing artists. The only fee or compensation paid by the petitioners for this admitted piratical conduct was the 2-cent compulsory licensing fee paid the composer of the musical composition, as required by 17 U. S. C. § 1(e). Nothing was paid to the musician or singer whose talents have been lent to the tapes sold by the plaintiffs; nothing was paid to the manufacturer of the record from which the taped recording is derived.

Some idea of the nationwide scope and importance of this practice is to be seen in the remarks of Representative (now Senator) John V. Tunney, inserted in the Congressional Record (p. E1760) on March 9, 1970:

"The recording industry in America is immense. Its impact is felt throughout our country and the world. American music has bridged the continents, crossed the Iron Curtain, and defeated the language barrier. For many people, our music represents our country; our artists represent our people. In short, it is an aspect of American industry that has long been overlooked and underestimated. Unfortunately, today, the recording industry is in the throes of a major crisis, one that threatens its very base, its stability.

"This is the result of a nationwide counterfeiting process that has enveloped the industry and has drastically curtailed the incomes of both artists, composers, publishers, and producers. A counterfeiting process that might well destroy some individual record producers as well as negate any chance at financial success that some artists have only once in their life time, for many bitter years of deprivation go into the making of an overnight success. The total income of the recording industry last year was nearly $1,100 million. In this same year, there were more than $186 million worth of counterfeit records that were processed and sold through the tapings of unauthorized personnel. And it is believed that another $50 million worth of fraudulently duplicated tape cartridges of fully one-half of the industry out put are pirated and sold to the unsuspecting consumer, who unwittingly becomes a member of the long list of victims already enumerated. This counterfeiting figure encompasses only the cases that the industry knows of; untold millions are

probably counterfeited each year without its knowledge. Tape cartridges and records can be reproduced and sold by anyone with a little ingenuity, a tape recorder and a few other resources."

Congressman Tunney's statistics as to the scope of the counterfeiting phenomenon are expanded and supplemented by the facts set forth in the *amicus curiae* brief submitted to this Court by the Record Industry Association of America, Inc. See pp. 3-16 thereof. But taking Congressman Tunney's statistics alone it is clear that the approximate sale value of unauthorized tapings annually comes to $236,000,000—an amount nearly equal to the value of the sale of authorized tapes, which is at least $250,000,000. And the value of the unauthorized tapings, as Congressman Tunney noted, encompassed "only the cases that the industry knows of." There are undoubtedly millions of additional dollars accruing to the purveyors of pirated tapings that are unknown to the legitimate industry and that escape statistical computation. In sum, it can be said that over the past twenty years, during which this counterfeiting process has been spawned and proliferated, legitimate manufacturers of records have been deprived of billions of dollars in income and royalties. And all such lost revenues, plus more, have gone into the pockets of the counterfeiters, of those who feel no compunctions in appropriating freely the talents and the efforts of others.

But the commercial losses suffered by the legitimate recording industry are only a part of the injuries flowing from the unauthorized appropriation of musical recordings. The legitimate recordings themselves, plus the sales of such recordings, generate not only profits for the manufacturers and distributors but form the

basis for the fees and royalties of the musicians and vocalists whose artistic talents are the very essence of the recordings. And when those recordings are pirated and the unauthorized tapes are sold, these artists are deprived of the compensation for their talents and efforts that the recordings and sales were designed to measure.

Some idea of the substantial extent of the losses suffered by these artists as the result of record piracy can be gained from statistics compiled by the *amici curiae* herein dealing with the artistic revenues obtained legitimate recordings and sales. Thus at the present time approximately 1500 featured musical artists, who are members of the American Federation of Musicians, have outstanding contracts with legitimate recording companies, from which they derive royalties computed on the basis of 5% to 10% of a 90% sales figure. About 300 new contracts of this nature are entered into each year. While not all pirated recordings necessarily involve featured musical artists, a substantial proportion do feature such artists. And when that fact is combined with the known and estimated sales of pirated recordings it is fair to conclude that, utilizing the sales figures and the contract percentage figures, the featured musical artists lose approximately $10,000,000 per year as a result of the sales of tapes of their appropriated talents.

Similarly, in 1969 vocal artists who are members of the American Federation of Television and Radio Artists derived more than $11,700,000 in performing fees and record royalties by virtue of contracts with legitimate recording companies. These contracts covered thousands of performances and related to the

compensation of both featured stars and scale performers. While precise analysis is not possible in view of the unknown scope of the piratical activities, it is possible to project from the known figures and estimates a loss to these performers in 1969 alone of at least $7,000,000 in royalties.

In addition, the legitimate sales of records in fiscal 1969, in accordance with contracts between the American Federation of Musicians and the legitimate recording industry, produced approximately $7,500,000 for the Music Performance Trust Funds and more than $5,000,000 for the Special Payments Fund. The $7,500,000 amount, paid in by the industry on the basis of record sales, was utilized to provide the public with free live musical performances throughout the United States, some 600,000 performance checks being issued to the performing musicians.[6] The amount in the Special Payments Fund was disbursed to approximately 18,000 members of the American Federation of Musicians as compensation in the nature of royalties for having performed at musical recording sessions. The additional amounts that would have accrued to these two Funds but for the sales of unauthorized tapes are incalculable but most certainly total in the millions of dollars annually.

And so the far-reaching nature and impact of the tape piracy practice cannot be denied. The public is deceived into thinking that it is purchasing tapes of musical performances for which the musical and vocal artists, as well as the recording manufacturers, have

[6] In the 22 fiscal years of the existence of the Music Performance Trust Funds, 1950-1971, over $99,900,000 has been allocated and spent for live musical performances for the public. 45th Semi-annual Report and Statement of Trustee (Sept. 30, 1971) p. 3.

received appropriate compensation for their talents and have in some way authorized the taped versions. And the public is further deprived of the benefits of the free live concerts that would result from the royalty payments that should have, but did not, ensue from the sale of the taped recordings. But far more tangible injuries have occurred to those producers, manufacturers, distributors, musicians and vocalists who combined their efforts to produce the recordings, only to have them pirated and sold for the sole profit of others. For them, the injuries are measured by the millions if not the billions of dollars over the years. Perhaps most poignant of all is the insult to the musical integrity of the recording artists, whose ability to afford pleasure to the public is boundless but whose capacity to derive a fair corresponding profit for exercising that ability is extremely limited. To permit free appropriation of their talents is to further dilute the effectiveness of the hard-won property rights of the musical artists in their artistic achievements.

Such, then, is the context in which the validity of Section 653h of the California Penal Code must be viewed. Los Angeles being one of the major recording centers of the nation, the impact of that section upon the counterfeiting process will be significant if it passes constitutional muster. And by the same token, a determination that Section 653h is constitutionally invalid would have a significant and indeed a deleterious effect upon the general public and upon those whose efforts and talents are reflected in sound recordings.

Such considerations, *amici curiae* suggest, fully justify the exercise of California's police power to outlaw and penalize these piratical practices. No countervailing considerations of public policy are apparent to

support the misappropriation of the talent and work of these artists and manufacturers. Because the justification for the exercise of California's police power is so plain and because no superior federal copyright interest is involved in the circumstances of this case, Section 653h must be deemed constitutional.

CONCLUSION

For the foregoing reasons, as well as those set forth in the brief of the respondent State of California, *amici curiae* submit that Section 653h of the California Criminal Code constitutes a valid exercise of that State's police power. The judgment below should be affirmed.

Respectfully submitted,

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Supreme Court, U. S.
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IN THE

Supreme Court of the United States

October Term, 1971.

No. 71-1192.

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

against

STATE OF CALIFORNIA,

Respondent.

On Writ of Certiorari to the Appellate Department of the Superior Court of the County of Los Angeles, State of California.

~~MOTION OF THE COMMONWEALTH OF PENNSYLVANIA FOR LEAVE TO FILE BRIEF *AMICUS CURIAE* AND~~ BRIEF OF THE COMMONWEALTH OF PENNSYLVANIA *AMICUS CURIAE.*

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IN THIS

Supreme Court of the United States.

OCTOBER TERM, 1971.

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DONALD GOLDSTEIN, RUTH KOVEN AND DONALD KOVEN,

Petitioners,

—against—

STATE OF CALIFORNIA,

Respondent.

ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT OF THE SUPERIOR COURT OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

MOTION OF THE COMMONWEALTH OF PENNSYLVANIA FOR LEAVE TO FILE BRIEF *AMICUS CURIAE.*

The Commonwealth of Pennsylvania hereby respectfully moves for leave to file the attached brief *amicus curiae* in this case. Counsel for respondent has consented to the filing of this brief but the Commonwealth has been unable to obtain the consent of counsel for petitioners.

THE INTEREST OF THE *AMICUS CURIAE*.

The question presented in this case is the validity of California Penal Code Section 653h which makes it a crime to "pirate" sound recordings. In this context, the term "piracy" has come to mean the unauthorized duplication of sound recordings and the sale of such duplicate recordings.

On January 10, 1972, the General Assembly of Pennsylvania enacted an anti-piracy statute, Act of January 10, 1972, Act No. 184, § 1 et seq., 18 P. S. § 4878.1. This statute is substantially identical to Section 653h of the California Penal Code and any decision of this Court with respect to the validity of Section 653h will directly affect the enforcement of the Pennsylvania anti-piracy statute.

A challenge to the Pennsylvania statute was brought in the Middle District of Pennsylvania by a trade association of tape pirates. **Independent Tape Merchants Association v. J. Shane Cramer, et al.**, Civil Action No. 72-73, — F. Supp. — (M. D. Pa. 1972). The plaintiff in that case raised the identical issues with respect to the Pennsylvania statute as are being raised by petitioners in this case with respect to the validity of California Penal Code Section 653h. On July 24, 1972, Chief Judge Sheridan filed a Memorandum, Opinion and Order declining to assume jurisdiction on the basis of the doctrine of abstention and dismissed the Complaint.

Accordingly, the adoption by the Commonwealth of Pennsylvania of a substantially identical statute to that in issue in this appeal gives the Commonwealth a direct interest in the issues presented for decision. This interest is fortified by the fact that one challenge to the validity of the Pennsylvania statute, raising the identical issues here presented, has been made and, depending upon the Court's

decision in this case, additional challenges can be anticipated. For these reasons, the Commonwealth of Pennsylvania respectfully requests permission to file the attached brief *amicus curiae* in support of respondent herein.

Respectfully submitted,

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DONALD GOLDSTEIN, RUTH KOVEN AND DONALD KOVEN,

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STATE OF CALIFORNIA,

Respondent.

BRIEF OF THE COMMONWEALTH OF PENNSYLVANIA, *AMICUS CURIAE.*

A. The Interest of the *Amicus Curiae.*

The interest of the *amicus curiae* is set forth in the Motion to which this brief is appended.

B. Election to Join in the Brief of the People of the State of California, *Amicus Curiae.*

The Commonwealth of Pennsylvania, having reviewed the Brief of the People of the State of California and having obtained the agreement of the Attorney General of the State of California, hereby joins in the Brief of the People of the State of California, *Amicus Curiae,* In Support of the Respondent.

Respectfully submitted,

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STATE OF CALIFORNIA,

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ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT OF THE SUPERIOR COURT OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

MOTION OF INFORMATION INDUSTRY ASSOCIATION FOR LEAVE TO FILE BRIEF AMICUS CURIAE AND BRIEF OF INFORMATION INDUSTRY ASSOCIATION *AMICUS CURIAE*

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Lear, Inc. v. Adkins, 395 U.S. 653 (1969) 11

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Pennsylvania v. Nelson, 350 U.S. 497 (1956) 11

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Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834) 11

United States Constitution:

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Section 2, 17 U.S.C. §2 11

Section 27-32, 17 U.S.C. 27-32 11

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Other Authorities:

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Price, *The Moral Judge and the Copyright Statute.* The Problem of Stiffel and Compco, 14 Copyright Law Symposium 91 (1966) 12

IN THE

Supreme Court of the United States

OCTOBER TERM, 1971

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

v.

STATE OF CALIFORNIA,

Respondent.

ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT OF THE SUPERIOR COURT OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

MOTION OF INFORMATION INDUSTRY ASSOCIATION FOR LEAVE TO FILE BRIEF AMICUS CURIAE

The Information Industry Association hereby respectfully moves for leave to file the attached brief *amicus curiae*. Counsel for respondent has consented to filing of this brief, but counsel for petitioners has declined consent.*

*The letter from counsel for respondent giving consent to the filing of this brief is on file with the Clerk of this Court. The letter from counsel for petitioners also is on file.

THE INTEREST OF THE AMICUS CURIAE

The Information Industry Association (IIA) is a non-profit Washington, D.C. Corporation organized in 1968, with a membership of 45 voting and 16 non-voting organizations which are for-profit firms concerned with information production, storage, retrieval, processing and distribution. Members include relatively young corporations offering specialized services as well as larger publishing and communications firms.[1] Products include indices, abstracts, citation lists, catalogs, directories, services such as file searches, searches of current publications, and educational materials. The creation of these products involves great financial investment, and the ingenious application of computer, microfilm, recording and communications technologies. The marketing of these products involves the use of a wide range of proprietary strategies suited to the particular product or service and the size of the market. These established businesses depend on a variety of marketing techniques and legal mechanisms to assure that characteristically small and well-defined groups of users will be willing and able to patronize the product to an extent that is economically feasible.

The *sine qua non* of information publishing is a funding mechanism by which highly selective information sorting and processing can be economically sustained.

For some the funding mechanism is assured by statutory copyright. Others rely upon common law copyright augmented by unfair competition and misappropriation rules. At various times these techniques are combined to provide the information industry firm a

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[1] A list of members is attached as Appendix A hereto.

sufficient proprietary position on which to risk investment in the creation of an information product, service or system. There are established businesses which rely in part on the rules of misappropriation. A decision denying these businesses this protection would be disruptive of the businesses involved.

The question raised here, whether state criminal laws can be applied to subject matter also addressed by federal copyright law, is of immediate interest to the information industry.

The attached Brief *Amicus Curiae* deals with the need of this industry and the public generally for remedies on which the growth of the information tools and resources needed to handle the exploding supply of information raw materials today has been based.

The ability to record "machine readable" information on magnetic tape, in addition to "sound recordings," requires the consideration of generic aspects of "tape piracy questions". This is not fully treated in the petition.

Since this case involves musical recordings, an activity parallel to but not directly in the information industry, the direct impact of the case on the business of marketing business and scientific information on magnetic tape was not immediately apparent. As a result, the preparation of the brief was delayed. In view of the significance of the question involved for this industry and the reasonable cause cited for the delay in filing the brief, IIA requests that the time for filing this brief in support of respondent herein be extended and because of its unique experience and knowledge of and interest in the issue presented for

decision in this case, IIA requests permission to file the attached brief *amicus curiae* in support of respondent herein.

Respectfully submitted,

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Washington, D.C. 20014
(301) 654-4150

Counsel for Information Industry Association, Amicus Curiae

Dated: Washington, D.C.
October 25, 1972

IN THE

Supreme Court of the United States

OCTOBER TERM, 1971

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

v.

STATE OF CALIFORNIA,

Respondent.

ON WRIT OF CERTIORARI TO THE APPELLATE DEPARTMENT OF THE SUPERIOR COURT OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BRIEF OF INFORMATION INDUSTRY ASSOCIATION *AMICUS CURIAE*

A. THE INTEREST OF THE AMICUS CURIAE.

The interest of the *amicus curiae* is set forth in the motion to which this brief is appended.

B. SUMMARY OF ARGUMENT.

The real question is whether the resort to state law remedies is in conflict with the copyright policies of Congress. Petitioners cite the *Sears* and *Compco* decisions in the patent field in support of their contention that state laws attaching criminal sanctions to specific "infringement-like" activities are in conflict with the copyright policy of Congress, and, indeed, of the Constitution which requires the exclusive right to be for "limited times."

Stressing "limited times" at the expense of the basic object of the constitutional provision and Congressional enactments pursuant to it, that of promoting progress in science and the useful arts, leads to a distortion of the copyright policy of Congress.

Congress has created a dual system of proprietary protection: it has expressly reserved to state law the protection of "unpublished" works and has provided a federal statutory protection scheme for published materials. (17 U.S.C. Sec 2). Protection of unpublished works by state law has never been subjected to the Constitutional "limited times" provision. Congress has deliberately and historically afforded authors a choice between limited and unlimited in time forms of protection based on dual and complementary state and federal mechanisms.

Far from conflicting with Congressional copyright policy, state laws which provide unlimited in time protection complement and complete a proprietary protection system in which Congress has never purported to provide exclusive rights and remedies. Such a system cannot be said to be invalidated by the supremacy clause and must be upheld as valid and binding.

C. FACTUAL BACKGROUND

The information industry is an industry built around man's oldest product. Information is abundant, yet order and structure for handling information are not available, at least in commensurate degree.

In 1971,

450,000 different book titles, 200,000 different magazines and periodicals and another 200,000 technical reports were published.

40,000 U.S. Doctoral dissertations and 100,000 masters theses were written.

65,000 patents were awarded.

20,000 bills were introduced in the U.S. Congress.

60 million newspapers were printed each day.

150,000 matters were brought before the federal court system.

400 billion copies were made with various copying and duplicating machines.

150 billion print-out sheets came from computers.

These represent the equivalent of 32,000 sheets of paper for every secretary and clerk in the United States. Furthermore, it has been estimated that some 95% of what will be relevant knowledge forty years from now is knowledge that nobody has even been concerned with or thought of now.

The information industry is engaged in the design, production and marketing of a wide range of products and services providing ways to capture, store, retrieve, access, use and deliver this information, often through the application of computers and in computer magnetic

tape form. The companies and their products serve a vital role in solving man's overabundance of information problems.

The proprietary problem faced by information industry firms marketing their products in magnetic tape form is essentially the problem faced by the record industry.

The computer has made it possible to store in a machine-readable file on magnetic tape and other media, vast stores of business, scientific and other kinds of information, to process or sort these machine-readable stores in a multitude of unprecedented ways, to "print out" all or part of the file, to accomplish the creation of "camera-ready" copy through computer-photo-composition techniques, and to create a multitude of information products and services for different uses and users from the basic file of information stored on magnetic tape. With the development of COM, (Computer output Microfilm) it is technologically feasible to create a microfilm copy of the information stored in the magnetic tape format without first creating a paper copy (Print-out).

The fact is, however, that these processes are expensive. Therefore, generating many products from a single information file does not necessarily spell economic success. To be successful the creator of such product packages must tailor his products to his market and avoid the marketing of products that are ineconomic. Unlike the record albums considered in this case, where mass sales are required to support the costs of creating the property, the market for specialized files may be 25 or less in total number in the U.S. and even the world. The loss of one or two sales in many cases spells the difference between economic success and the ability to

continue to provide effective and sophisticated services, or failure and the elimination of the service altogether.

For example, one member of the IIA[2] produces an information product which contains comprehensive data with respect to computer installations throughout the United States. The collection, computerization, management, distribution, education and marketing required to make this information available to its very limited market is so costly that it must be carefully marketed. This information is made available to subscribers in magnetic tape form and at a cost of $10,000 per year. Although the information can be printed by data processing equipment from the magnetic tape original, it is generally utilized by retrieving selected information from the entirety of the data and then only such selected information is reduced to a print format. As a consequence, this information product, although marketed publicly, is not appropriate for publication under statutory copyright, is subject to a significant risk of misappropriation due to its high value, and is protected from illegal reproduction and distribution by state misappropriation laws. The IIA member firm has filed and successfully concluded several suits during the last several years and has obtained injunctive relief as well as monetary damages on the basis of state misappropriation doctrine.

There is abundant evidence the Congress recognizes the value of such activities. For example when Congress created the National Commission on Libraries and Information Science it made the following finding of policy:[3]

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[2]International Data Corporation, Newtonville, Mass.

[3]Public Law 91-345, 91st Congress, An Act to establish a National Commission on Libraries and Information Science and for other purposes.

> Sec. 2. The Congress hereby affirms that library and information services adequate to meet the needs of the people of the United States are essential to achieve national goals and to utilize most effectively the Nation's educational resources and that the Federal Government will cooperate with state and local governments and public and private agencies in assuring optimum provision of such services.

Contrary to indicating an interest in preempting state law in the area of distributing information in machine readable form as information services, the Congress here gave assurances of cooperation, much the same as it did in creating the dual state/federal copyright scheme.

The concern of this industry is primarily with the preservation of existing remedies with which it works in marketing its products and services. The loss of the "misappropriation" rule or other state law protection would disrupt the marketing of business and scientific information files and would itself be contrary to and inconsistent with copyright policy of the Congress.

ARGUMENT

I.

A STATE LAW WHICH PROHIBITS UNFAIR BUSINESS PRACTICES IS INVALIDATED BY THE SUPREMACY CLAUSE OF THE CONSTITUTION (ARTICLE VI) ONLY IF IT IS IN CONFLICT WITH CONGRESSIONAL POLICY.

The Constitutional authority of Congress "To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." (Article I, Section 8, Clause 8) is neither in terms nor by construction exclusive of compatible state legislation.

The Article I grant creates no rights or obligations except as implemented by Congress. "Patent rights exist only by virtue of statute." *Wheaton v. Peters*, 8 Pet. 591 (1834) 658. The copyright to published works likewise is purely a statutory creation. *Mazer v. Stein*, 347 U.S. 201 (1954) 214.

Congress has not enacted a comprehensive, unified plan for securing the rights of authors and inventors pursuant to the Constitutional grant. To the contrary, Congress had adopted and built upon a substantial body of state law. Inventions which are not patented may be protected by state law so long as they are not publicly disclosed. *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969) at 675. State law governs the sale of patented articles and of patent rights (35 U.S.C. 261). Protection of unpublished literary works has been expressly reserved by Congress to state law (17 U.S.C. 2). The purchase, sale and ownership of copyrighted works and copyrights all are determined primarily by state law, incidentally supplemented by a national recording system (17 U.S.C. 27-32).

Legislation of the states which is in conflict with the copyright policy of Congress, however, is void. (*Cf. Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) at 231). Although "there can be no one crystal clear distinctly marked formula" the primary test of the validity of state law is the intent of Congress "to occupy the field." *Pennsylvania v. Nelson*, 350 U.S. 497 (1956) at 502. "We examine these acts only to determine the Congressional plan." (*Id.* at 504)

II.

CONGRESSIONAL INTENT TO NOT SUPERSEDE STATE LAWS WITH RESPECT TO DUPLICATION OF SOUND RECORDINGS IS CLEAR.

The Sound Recording Amendment of 1971 extended copyright protection to sound recordings effective February 15, 1972 (Pub. L. 92-140, 1(a), 85 Stat. 391). Section 3 of such Act provided as follows:

> ". . . and nothing in title 17, United States Code, as amended by section 1 of this Act, shall be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act."

The Court previously has recognized that Congress may permit the enforcement of extant state criminal laws by renouncing a uniform national regulation in favor of local regulation. Referring to the Wilson Act which permitted state regulation of interstate liquor shipments, and to a Kansas liquor regulation previously held to have been preempted by federal legislation, the Court said:

> "This is not the case of a law enacted in the unauthorized exercise of a power exclusively confided to Congress, but of a law which it was competent for the state to pass, but which could not operate upon articles occupying a certain situation until the passage of the act of Congress." *In re Rahrer*, 140 U.S. 545 (1891) at 565.

Section 3 of the 1971 Amendment is a clear expression of the policy of Congress that all rights which existed independent of the Copyright Act were to be preserved. Construction of the 1971 Amendment as an expression of Congressional intent to preempt and void state criminal laws would directly contravene the Congres-

sional mandate that "any rights with respect to sound recordings" not be affected in any way by the Act. (Public Law 92-140, 3)

Congressional intent to preserve state protection of sound recordings prior to the effective date of the 1971 Amendment is further indicated by the relative haste with which such Amendment was adopted by both houses. The Amendment was introduced by Sen. McClellan on Feburary 8, 1971 and was adopted October 15, 1971. Four years ago this Court commented upon the glacial progress of general copyright revision legislation, noting that revision begun in 1955 had not yet resulted in new legislation. *Fortnightly Corp. v. United Artists,* 392 U.S. 390 (1968) at 396 n. 17. The current version of the revision bill (S. 644) was not even reported out of committee in the 92nd Congress.

The preemptive implications, if any, to be drawn from Congressional action or inaction are seldom clear. Particularly is this true with respect to the Copyright Act which so fundamentally incorporates areas of state law. "The bric-a-brac coverage of the copyright, trademark and patent laws fail time and time again to provide for the situation. Of course, the failure of the law to protect would be a potent ground for nonprotection if, in truth, the Copyright Act was a 'delicate and elaborate' preemptive structure. But there is the nagging feeling that the reason for nonprotection isn't a careful balancing on the part of Congress; rather, it is the inability of the legislators to resolve incredibly difficult problems which strike at the heart of copyright structure." Price, *The Moral Judge and the Copyright Statute:* The Problem of Stiffel and Compco, 14 Copyright Law Symposium 91 (1966) at 113.

Absent any expressed intent to preempt state criminal laws, and in the context of the foregoing legislative history, there is no basis for construing preemptive intent from a statute which expressly disavows intent to affect in any way pre-existing rights. The statute should be upheld as applied to pre-February 15, 1972 rights.

Finally, and most simply, there is no basis or reason for attributing to Congress a Quixotic intent to invalidate protection of sound recordings prior to February 15, 1972, and to confer significant and broad proprietary protection upon the same after such date. Legislative history of the bill contains no suggestion of or rationale for such an intent. The language of the bill, as above noted, clearly expresses the intent of Congress to not preempt or in any other way affect preexisting rights.

CONCLUSION

Federal preemption of state law is simply statutory construction. There is no constitutional preemption. The intent of Congress expressed in particular legislation should be examined to determine whether particular state legislation conflicts with Congressional policy. In the case before the Court there is substantial evidence of Congressional intent, not only to preserve rights created under state law, but to incorporate them as part of a total copyright scheme. Without a clear intent to preempt being established state law remedies should be upheld.

Respectfully submitted,

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Counsel for Information Industry Associaton, Amicus Curiae

APPENDIX A

Information Industry Association Membership List

Voting Members

ABC-CLIO, Inc.
2010 Alameda Padre Serra
Santa Barbara, Ca. 93103

Arcata National
2750 Sand Hill Rd.
Menlo Park, Ca. 94025

Auerbach Publishers Inc.
121 N. Broad Street
Philadelphia, Pa. 19107

Aspen Systems Corp.
4615 Forbes Ave.
Pittsburgh, Pa. 15213

Bell & Howell Microphoto Div.
Drawer "E"
Wooster, Ohio 44691

CCM Information Corporation
866 Third Avenue
New York, N.Y. 10022

C&S Publications, Inc.
1900 Ave. of the Stars
Century City, L.A., Calif.

CSC Pacific, Inc.
290 Charleston Rd.
Palo Alto, Ca. 94306

Composition Technology, Inc.
639 Massachusetts Ave.
Cambridge, Mass. 02139

Congressional Information Service
4720 Montgomery Lane
Washington, D.C. 20014

Dataflow Systems
7758 Wisconsin Avenue
Bethesda, Md. 20014

Data Search
2158 Des Plaines Ave.
Des Plaines, Ill. 60018

Encyclopaedia Britannica
Education Corp.
1510 H St., N.W.
Washington, D.C. 20005

Environment Information Center
124 E. 39th Street
New York, N.Y. 10016

Frost & Sullivan
106 Fulton St.
New York, N.Y. 10038

The Government Research Co.
1730 M St., NW
Washington, D.C. 20036

Herner and Company
2100 M Street, NW
Washington, D.C. 20037

Holt Information Systems
383 Madison Avenue
New York, N.Y. 10017

Information Clearing House
3 East 48th Street
New York, N.Y. 10016

Information Design
3247 Middlefield Rd.
Menlo Park, Ca. 94025

Information Handling Service
5500 S. Valentia Way
Englewood, Colorado 90110

Institute for Scientific Information
325 Chestnut St.
Philadelphia, Pa. 19106

International Data Corporation
60 Austin Street
Newtonville, Mass. 02160

International Development Corp.
3514 Plyers Mill Road
Kensington, Maryland 20795

Leasco Information Products Co.
4833 Rugby Avenue
Bethesda, Maryland 20014

Leasco Systems & Research
4833 Rugby Avenue
Bethesda, Maryland 20014

McGraw-Hill, Inc.
1221 Avenue of the Americas
New York, N.Y. 10020

Microform Publishers International
318 West Adams St.
Chicago, Illinois 60606

National Educational Consultants
711 St. Paul St.
Baltimore, Md. 21203

New York Times
229 West 43rd St.
New York, N.Y. 10036

Pharmaco-Medical Documentation
P.O. Box 401
Chatham, N.J. 07928

Plenum Publishing Corp.
227 W. 17th Street
New York, N.Y. 10011

Pollution Abstracts
525 W. Broadway
Louisville, Kentucky 40202

Predicasts, Inc.
200 University Circle
1001 Cedar Avenue
Cleveland, Ohio 44106

RCA Corp. Consumer Info.
Products Dev.
30 Rockefeller Plaza
New York, N.Y. 10020

Readex Microprint
101 Fifth Avenue
New York, N.Y. 10003

Research Publications, Inc.
P.O. Box 3093
New Haven, Connecticut 06525

SBS Industries
620 Trolley Blvd.
Rochester, N.Y. 14606

Showcase Corporation
18656 Fitzpatrick
Detroit, Michigan 48228

3i Company
2101 Walnut Street
Philadelphia, Pa. 19103

Time, Inc.
Time & Life Bldg.
Rockefeller Center
New York, N.Y. 10020

U.S. Historical Documents
Institute, Inc.
1647 Wisconsin Avenue, N.W.
Washington, D.C. 20007

John Wiley & Sons
605 Third Avenue
New York, N.Y. 10016

Garwood R. Wolff & Co.
P.O. Box 1682
New York, N.Y. 10020

Xerox Corporation
1200 High Ridge Road
Stamford, Connecticut 06904

Non Voting Members

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Arrow International Co., Ltd.
720 Nikkatsu Apts, Shiba Park
Minato-ku, Tokyo, Japan

Fuji Corporation
P.O. Box 18
Yoyogi, Tokyo, Japan

Information Retrieval, Ltd.
1 Falconberg Court
London WIV 5 FG, England

Inforonics, Inc.
146 Main St.
Maynard, Mass. 01754

International Business Machines
Armonk, New York 10504

Multiprint, Inc.
28 West 23rd Street
New York, N.Y. 10010

National Cash Register
1000 Cox Plaza
3131 S. Dixie
Dayton, Ohio 45439

Octal Systems
5280 Trail Lake Dr.
Ft. Worth, Texas 76133

Overseas Data Corp.
Izumi-Bldg., 3-11-4 Kita-Aoyama
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5185 MacArthur Blvd.
Washington, D.C. 20016

Rocappi
7000 North Park Drive
Pennsauken, N.J. 08109

Stroud, Bridgeman Press Ltd.
Box 6, Postal Station R
Toronto, Ontario, Canada

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1725 K St., NW
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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1971

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,
Petitioners,

Against

THE STATE OF CALIFORNIA,
Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles

BRIEF

Of the Attorney General of the State of Tennessee, *Amicus Curiae*, in Support of the California Penal Code Provision §653H Which Protects Property Rights of Citizens From Traffic in Illicit and Contraband Property

A. INTEREST OF THE *AMICUS CURIAE*

The Attorney General of the State of Tennessee files, *amicus curiae*, this brief in support of a permissible exercise of the police power of the states. The State of Tennessee has enacted a statute (Tenn. Code Ann. § 39-4244 to 4250) which is similar to the California Penal Code section (§ 653H) under attack in the instant case. A copy of the Tennessee statute is appended hereto as Appendix "I". Thus the State of Tennessee has direct concern in upholding the validity of the challenged statute of the State of California.

B. ARGUMENT

Tennessee urges that the California statute be upheld as a proper exercise of state police power. Tennessee is aware of the other *amicus curiae* briefs filed in this cause, as well as the brief of the respondent. Because of the number of briefs heretofore filed, and because those briefs very capably advance the important issues presented, Tennessee will join in the arguments set forth in favor of the respondent in those briefs and not burden this Court with an additional extended brief.

It is significant, however, that Tennessee and a number of other states have each independently assessed the business practices of the record duplicators and enacted laws similar to California's statute outlawing such conduct. The appropriation and sale of recorded performances from tapes and phonograph records by persons who neither sought nor obtained permission from the original artists or manufacturers deceives the consuming public and deprives legitimate record producers and the artists whose performances are appropriated of their due compensation for their investment of money, time and artistry. It is urged that states possess the power to protect their citizens from such practices through the enactment of legislation similar to that enacted by the California Legislature.

C. CONCLUSION

The *amicus curiae* respectfully submits that California's penal statute is aimed simply at the prevention of theft of personal property in the form of performances on records and tapes. Since statutes such as that enacted by the California Legislature compliment rather than conflict with the federal policy of fairness in the competitive system

and protect the legitimate property rights of its citizens, the California statute should be upheld and the judgment below affirmed.

Respectfully submitted

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Certificate of Service

I, David M. Pack, Attorney General of the State of Tennessee and a member of the Bar of the Supreme Court of the United States, hereby certify that on the 25th day of September, 1972, copies of the foregoing Brief of the Attorney General of the State of Tennessee, *Amicus Curiae*, were mailed to:

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APPENDIX "I"

39-4244. Recorded devices—Unauthorized reproduction or sale—"Ownership" defined.—As used in §§ 39-4244—39-4250, unless the context requires otherwise, "owner" means the person who owns the master phonograph record, master disc, master tape, master film or other device used for reproducing recorded sounds on phonograph records, discs, tapes, films or other articles on which sound is recorded and from which the transferred sounds are directly or indirectly derived. [Acts 1971, ch. 166, § 1.]

39-4245. Recorded devices—Transfer of sound or manufacture or distribution without consent of owner—Felony —Exception.—It is a felony for any person to

(a) Knowingly transfer or cause to be transferred, directly or indirectly by any means, any sounds recorded on a phonograph record, disc, wire, tape, film or other article on which sounds are recorded, with the intent to sell or cause to be sold, or to be used for profit through public performance, such article on which sounds are so transferred, without consent of the owner; or

(b) Manufacture, distribute or wholesale any article with the knowledge that the sounds are so transferred, without consent of the owner.

(c) This section does not apply to any person engaged in radio or television broadcasting who transfers, or causes to be transferred, any such sounds other than from the sound track of a motion picture intended for, or in connection with broadcast or telecast transmission or related uses, or for archival purposes. [Acts 1971, ch. 166, § 2.]

39-4246. Recorded devices—Retailing recorded device unlawfully—Misdemeanor.—It is a misdemeanor for any person to knowingly retail or possess for the purpose of

retailing any recorded device that has been produced, manufactured, distributed, or acquired at wholesale in violation of any provision of §§ 39-4244–39-4250. [Acts 1971, ch. 166, § 3.]

39-4247. Recorded devices—Manufacturer's name on package.—Effective September 29, 1971, every recorded device sold or transferred or possessed for the purpose of sale by any manufacturer, distributor, or wholesale or retail merchant shall contain on its packaging the true name of the manufacturer; provided, however, that the term "manufacturer" shall not include the manufacturer of the cartridge or casing itself. [Acts 1971, ch. 166, § 4.]

39-4248. Confiscation of unauthorized recorded devices —Disposition.—Effective September 29, 1971, it shall be the duty of the sheriff of each county, member of the Tennessee highway patrol, and Tennessee bureau of criminal identification, upon discovery, to confiscate all recorded devices that do not conform to the provisions of § 39-4247, and he shall deliver the nonconforming recorded devices to the district attorney-general of the judicial district in which the confiscation was made. The district attorney-general by court order shall give the same to a charitable institution or other worthwhile organization. The provisions of this section shall apply to any nonconforming recorded device, regardless of the requirement in § 39-4246, of knowledge or intent of a retail seller. [Acts 1971, ch. 166, § 5; modified.]

39-4249. Recorded devices—Penalty for improper sale or manufacture.—Each and every individual manufacture, distribution, or sale or transfer at wholesale of such recorded devices in contravention of the provisions of §§ 39-4244–39-4250 constitutes a separate offense punishable by imprisonment not less than one (1) year, nor more than three (3) years, or by fine of not more than twenty-

five thousand ($25,000) dollars for the first offense; and by imprisonment not less than three (3) years, nor more than ten (10) years, or by fine not more than one hundred thousand ($100,000) dollars, or both for any subsequent offense. [Acts 1971, ch. 166, § 6.]

39-4250. Recorded devices—Civil action for damages.—(a) Any owner of a recorded device, as set forth in §§ 39-4244–39-4250, whose work is allegedly the subject of a violation of the provisions of § 39-4245 shall have a cause of action in the circuit courts of this state for all damages resultant therefrom, including actual, compensatory, incidental, and punitive damages not less than three (3) times the amount of the total cost of producing the recorded device.

(b) Any lawful producer of a recorded device, as set forth in §§ 39-4244–39-4250, whose product is allegedly the subject of a violation of the provisions of § 39-4245 shall have a cause of action in the circuit courts of this state for all damages resultant therefrom, including actual compensatory, incidental, and punitive damages not exceeding three (3) times the amount of the total cost of producing the recorded device. [Acts 1971, ch. 166, § 7.]

Effective Date, Acts 1971, ch. 166, § 8.

July 1, 1971.

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IN THE

Supreme Court of the United States

October Term, 1972
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

vs.

THE STATE OF CALIFORNIA,

Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

REPLY BRIEF OF PETITIONERS.

I.

Respondents' Argument That the States Are Free to Individually Decide What Items Are in the Public Domain Should Be Rejected.

The respondents and *amicus curiae,* while conceding that *Sears* and *Compco* prohibit the states from protecting works constitutionally capable of being copyrighted that are in the public domain, nevertheless argue that a state should be allowed to determine for itself if Congress was correct in allowing a work to be in the public domain; if the state determines it should not be, then, according to respondents, that a particular state is free to redefine the public domain to protect works

that otherwise have no protection. This must be done, it is argued because otherwise a particular work (*e.g.* pre February 15, 1972 sound recordings) will have no protection and Congress could not have meant for that to be.

The plain and simple answer to respondents is found in the following reasoning of the Second Circuit in an opinion written by Judge Learned Hand, wherein that Court held that the performance embodied on phonograph records were in the public domain; were not protected by common-law copyright because they had been sold to the public (*i.e.* published); and were therefore not the property of the performer or the record company. The Court reasoned:

> " 'Property' is a historical concept; one may bestow much labor and ingenuity which inures only to the public benefit; 'ideas', for instance, though upon them all civilization is built, may never be 'owned'. The law does not protect them at all, but only their expression; and how far that protection shall go is a question of more or less; an author has no 'natural right' even so far, and is not free to make his own terms with the public. In the case at bar if Whiteman and RCA Manufacturing Company, Inc., cannot bring themselves within the law of common-law copyright, there is nothing to justify a priori any continuance of their control over the activities of the public to which they have seen fit to dedicate the larger part of their contribution. We are adjured that courts must adjust themselves to new conditions,

and that in the case at bar justice clearly points the way to some relief. We cannot agree; no doubt we should be jealous to execute all reasonable implications of established doctrines; but we should be equally jealous not to undertake the composition of substantial conflicts of interests, between which neither the common-law, nor the statute, has given any clue to its preference. We cannot know how Congress would solve this issue; we can guess—and our guess is that it would refuse relief as we are refusing it—but if our guess were the opposite, we should have no right to enforce it. If the talents of conductors of orchestras are denied that compensation which is necessary to evoke their efforts because they get too little for phonographic records, we have no means of knowing it, or any right to assume it; and it is idle to invoke the 'deus ex machina of a progress' which is probably spurious, and would not be for us to realize, if it were genuine." *RCA Mfg. Co. v. Whiteman,* 114 F.2d 86, 90 (2d Cir. 1940).

Congress has still not afforded any protection to pre-February 15, 1972 sound recordings and the states are in no better position now than was Judge Hand to "undertake the composition of substantial conflicts of interest". In the absence of copyright protection sound recordings which have been commercially exploited must be found to fall within the public domain.

II.

Respondent's Argument That Section 3 of PL 92-140 Expresses Congressional Intent to Permit State Copyrights Laws Is Patently Without Merit.

Respondent[1] and certain *amicus curiae*[2] argue that PL 92-140 Section 3 implies congressional approval of state laws which in effect grant greater copyright protection to pre-February 15, 1972 recordings than PL 92-140 grants to sound recordings fixed and published after that date. This argument is not supported by the language, purpose, or legislative history of the section.

It is clear from the legislative history that Congress had no such thought in mind, as can be seen from the House Report which provides:

> "In addition the jurisdiction of States to adopt legislation specifically aimed at the elimination of record and tape piracy has been challenged on the theory that the copyright clause of the Federal Constitution has preempted the field even if Congress has not granted any copyright protection to sound recordings. While *the committee expresses no opinion concerning this legal question,* it is clear that the extension of copyright protection to sound recordings would resolve many of the problems which have arisen in connection with the efforts to combat piracy in state courts."[3] (Emphasis added.)

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[1]See Brief of Respondents at 32-33.

[2]See *e.g.* Brief of Recording Industry of Association of America (hereinafter referred to as "TIAA Brief") at 28.

[3]H.R. Rep. No. 487, 92 Cong., 1st Sess. 3 (1971). See also S. Rep. No. 72, 92d Cong., 1st Sess. 4 (1971).

At another point the House Report sets out the following, from a letter written to the Judiciary Committee at its request, by the Justice Department.

> "The bill does not apply retroactively and Section 3 expressly states that it should not be construed as affecting in any way any rights with respect to sound recordings fixed before the date of enactment. It thus does not deal with recorded performances already in existence. Instead it leaves to pending or future litigation the validity of state common law or statutes governing the unauthorized copying of existing recordings."[4]

The wording of PL 92-140 Section 3 is typical statutory boilerplate which is hardly sufficient to validate an exercise of state power which would be constitutionally precluded if Congress remained silent. This Court should, at the least, require a clear statement by Congress and not rely on such routine boilerplate language to reach such a radical conclusion. Further, and equally important, even were such language present, the result urged by petitioner would be to remove from the public domain on February 15, 1972 (the effective date of PL 92-140) that which was in the public domain on February 14, 1972. This Court has held that such a removal from the public domain of items already dedicated is constitutionally prohibited.

> "Moreover, Congress may not authorize the issuance of patents whose effects are to remove ex-

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[4]H.R. Rep. No. 487, 92d Cong., 1st Sess. 13 (1971).

istent knowledge in the public domain, or to restrict free access to materials already available." *Graham v. John Deere,* 383 U.S. 1, 6 (1966).[5]

Another indication that Congress in no way intended to validate state copyright laws by PL 92-140 can be found in the House Report's statement of the purpose of that portion of the act which limits the sound recording copyright to those recordings fixed and published after February 15, 1972 and prior to December 31, 1974.

> "The purpose of the amendment is to provide a period for further consideration of various alternatives for solving the problems in this area, before resorting to permanent legislation."[6]

This Congressional desire for a period for "further consideration" of "various alternatives" is hardly consistent with an interpretation of PL 92-140 which would attempt to validate each state's individual decision as to the "correct" alternatives.

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[5]It is important to note that California Penal Code §653h also attempts to remove from the public domain that which was already dedicated. That is in addition to all its other infirmatives Penal Code §653h is unconstitutional in that it attempts to remove from the public domain contrary to *Graham v. John Deere* all those recordings published prior to its enactment.

[6]H.R. Rep. No. 487, 92d Cong., 1st Sess. 1 (1971).

III.

The Respondent's Reliance on Self-Serving, Statements, Made Outside the Record in the Instant Case, by Recording Industry Executives, Is Misplaced.

The respondent has made exaggerated claims to the effect that all tape duplicators pay no taxes or royalties;[7] that the copied albums could not be sold without a certain kind of label; and that a decision favorable to Petitioners would ruin the recording industry.

As Petitioners will show, most of the above arguments are without legal significance, and all are untrue.

A. Tape Duplicators Do Pay Taxes and Music Royalties.

Most tape duplicators do pay the copyright royalties as required by 17 USC §1(e). For instance one group reported that they paid their taxes and were paying approximately $10,000.00 per month in such music royalties.[8] In a recent case, a United States District Court held that another tape duplicator was validly paying $4,000 to $6,000 per month in royalties under 17 USC §1(e); was an open and "forthright" business; and that the affidavits of certain individuals to the contrary, including one person[9] relied on by *Amicus* Recording Industry Association of America in

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[7]The arguments of respondents do not even purport to be directed to the activities of Petitioners, but rather to a so-called "industry practice". Petitioners will therefore address their reply to such "industry practice".

[8]Hearings on S. 646 and H.R. 6927 before the Subcomm. on Patents, Trademarks and Copyrights of the House Judiciary Comm., 92nd Cong., 1st Sess., 82, 90 (1971).

[9]Albert Berman, Managing Director of the Harry Fox Agency, Inc., an Amicus Curiae in the instant case.

support of its unfounded allegations,[10] constituted a fraud on the Court.[11]

Of course if there are tape duplicators who fail to pay taxes or royalties, there are sufficient civil and criminal laws, both at the federal and state levels to resolve the problem. There is no need to ignore the precedent and policy considerations cited in petitioners' Petition and Brief to add further unneeded protection against such admittedly reprehensible conduct.

B. The Labels Placed on Petitioner's Tapes Are Sufficient to Avoid Confusion as to Source.

Petitioners have already quoted to this court the disclaimer label which is placed on their tapes.[12] Even more importantly, Petitioners have pointed out that the statute in question is *not* a "labeling statute" since a crime is purportedly committed under Cal. Penal Code §653h no matter what the label says, and even if there is no allegation or proof of any confusion as to source. The issue of the content of the label placed on duplicated tape is thus a "straw" issue since there is no question before this court as to the states' right to establish labeling laws.[13]

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[10]TIAA Brief, at p. 15, n.39.

[11]*Jondora Music Publishing Company v. Melody Recordings, Inc.*, ...F.Supp. 2d .... (N.J. 1972, No. 1741-72) opinion of Lacey, District Judge. This case is an important example of the methods used by members of the so-called "legitimate" record industry to preserve their monopoly positions and to say and do anything, no matter how lacking in justification, to injure tape duplicators.

[12]Brief of Petitioners at p. 5, n.3.

[13]It should be noted that in *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938), in an opinion by Mr. Justice Brandeis, this

C. The Recording Industry Will Not Meet With Disaster as the Result of a Holding That Pre February 15, 1972 Sound Recordings Are in the Public Domain.

It must be remembered that the instant case will have no effect on new recordings. The recording industry has sought and received from Congress, protection for its new recordings. Thus, there is no question of economic disaster to the recording industry. Instead, the question is whether the record companies are to be allowed to reap monopoly profits in perpetuity for recordings produced prior to February 15, 1972.[14]

IV.

California Penal Code Section 653h Is Also Unconstitutional in That It Grants Protection for Unlimited Times.

At the least, California Penal Code §653h is unconstitutional because it violates an important policy implication of the Federal Copyright Act and of Article I, Section 8, Clause 8 of the Constitution. The relevant policy is one which requires that any interference with competition for the purpose of encouraging "investors"

Court held that once an article has fallen into the public domain it can be made by anyone. This Court also held that, despite the fact that some $17,000,000 had been spent by the originators on developing and advertising a product and its name, (which expenditure was held to be "without legal significance") both the product, which had fallen into the public domain and its name could be used by anyone.

> "As Kellogg Company [the copier] had the right to make the article, it had also, the right to use the term by which the public knows it".

[14]It is interesting to note that despite the recording industries' continued assertions that record duplication is somehow immoral, the Recording Industry Association of America admits in its Brief (at page 20) that its members may well engage in record duplication themselves, if Petitioners' legal position is sustained.

and "authors" should be for limited times only.[15] The California Copyright Act (*sub noma* Penal Code §653h) has no time limit, and attempts to create permanent monopoly rights in the record companies, and should therefore be held unconstitutional.[16]

Respondents' sole argument to support its contention that Cal. Penal Code §653h is not unconstitutional, although it grants protection for unlimited times, is that

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[15]This is of course also true with respect to state laws which are interpreted by state courts to authorize the awarding of damages and the issuing of injunctions to prohibit record duplication.

[16]It is not sufficient to argue that the records being duplicated were made only recently and that the issue of perpetual protection is therefore not raised. First, many of the duplicated records are at least twenty-eight years old. Second, and more importantly, the monopoly must be limited to a period defined in advance, or there is no assurance of the eventual dedication of the work. Professor Kaplan, relied on by respondent in its brief, has stated:

> "We must, however, acknowledge here the force of the argument that monopolies, even those narrowly confined as to user, should be limited to a period defined in advance; otherwise the eventual dedication of the work, by which alone a monopoly is justified, is merely a vague hope and not a reality." Kaplan, *Performer's Right and Copyright: The Capitol Records Case,* 69 Harv. L. Rev. 409, 435 (1956).

In addition, Professor Kaplan, writes in the same article (at page 429):

> "But where protection is given against mere copying of a work within the clause, rather than against passing off, distortion of the work, or the like, we have a situation so close aboard simple copyright protection that the force of the clause, such as it is, would seem to extend to it. Nor would it avoid the clause to deal with the problem as one of 'unjust enrichment,' or to center attention on the position of the recording company rather than that of the performer. A rendition reduced to a record is being protected against reproduction by physical copy, and if the rendition is within the clause the inhibitions of the clause may be held to control whatever the epithet applied to the attempted state regulation."

17 USC §2 allows state common law copyright protection for unlimited times. However, they are mistaken.

State common law copyright protection is in fact for "limited times", since it expires whenever there is commercial exploitation. An author's protection is limited under 17 USC §2 to pre-publication protection. Once the work is published, the state's right to grant the protection is lost, and that ought to be the case with sound recordngs as well.

The various attempts by different states to grant protection to sound recordings, being unlimited in time, are thus in direct conflict with Article I, §8, Clause 8 of the Constitution and of the implementing Federal Statutes.[17]

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[17]The fact that current state legislation against record duplication is for unlimited time, is one of four separate grounds for finding such statutes unconstitutional according to an article to be published in Volume 5, No. 2 of the Connecticut Law Review, by Professor Lewis Kurlantzick, entitled "The Constitutionality of State Law Protection of Sound Recordings". The other grounds for voiding such statutes according to Professor Kurlantzick are:

(1) State statutes conflict with implications in Title 17 USC, that the composers are to have full control over their music, and a state created performer's right would conflict with such full control;

(2) State statutes are in conflict with the commerce clause, under the theory, expressed in such decisions of this Court as *Leisy v. Hardin*, 135 U.S. 100 (1890), that a state may not prohibit the sale in the original package of a product like a duplicated record, which has been shipped from another state (one of the forty where there is no anti-duplicator statute); and

(3) State statutes, significantly interfere with interstate commerce and are not permissible because they are contrary to the public policy of free competition expressed in the federal anti-trust laws.

V.

Conclusion.[18]

The present Attorney General of the United States has written, on behalf of the Justice Department:

> "We believe that extending copyright to recordings is the soundest, and in our interpretation of Sears and Compco, the only way in which sound recordings should be protected. Copyright protection is narrowly defined and limited in duration, whereas state remedies, whose validity is still in doubt, create broad and unwarranted perpetual monopolies."[19]

Petitioners respectfully urges that the judgment below creates exactly the "broad and unwarranted perpetual monopolies" referred to by the Attorney General and should be reversed.

Respectfully submitted,

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[18]Respondent in its conclusion quotes from an earlier opinion by Chief Justice Berger in *Shapiro, Bernstein & Co. v. Remington Records, Inc.*, 265 F.2d 263, 269 (2d Cir. 1959). However, they incorrectly characterize that case as one involving record duplication. Actually, the case involved a situation where a so-called "legitimate record company", that is, a company which paid its own musicians, and recorded its own performances, failed to pay its music royalties. (See the complaint in said case at paragraphs 10 and 15 and the Affidavit of Harry Fox, in support of plaintiff.)

[19]H.R. Rep. No. 487, 92d Cong., 1st Sess. 13 (1971).

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IN THE

Supreme Court of the United States

October Term, 1972
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,
Petitioners,

vs.

STATE OF CALIFORNIA,
Respondent.

Application of Respondent for Leave to File Post-Argument Memorandum.

Counsel for respondent, the State of California, believe that certain matters which were raised by members of the Court and counsel for petitioners at oral argument may not have been fully and clearly explicated by respondent's oral argument. Moreover, certain questions by the Court raised implications which were not fully explored at oral argument.

This case presents substantial questions. Counsel for respondent believe that it would be in the interest of justice that they have an opportunity briefly to clarify certain matters arising from oral argument.

For the foregoing reasons counsel for respondent, the State of California, respectfully request that

the Court permit respondent to file the Post-Argument Memorandum which is annexed to this application.

Dated: December 22, 1972.

Respectfully submitted,

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POST-ARGUMENT MEMORANDUM.

The purpose of this memorandum is to clarify certain matters which were raised at oral argument.

I.

The distinction between a "musical composition" and a "performance", and the legal and economic consequences of this distinction underlie much of this case.

A musical composition consists of the tune or melody (the music), which may or may not be accompanied by words (lyrics). Musical compositions have always been eligible for copyright protection under the Copyright Act of 1909. Sec. 17 U.S.C. §§ 1(e), 5(e), 12 and 101(e). A musical composition may be expressed, without being performed, by written musical notation and words.

A performance consists of one rendition by one performer (or group of performers), with or without instrumental or vocal accompaniment, of one particular arrangement of a musical composition. A phonograph record or prerecorded tape embodies the sounds generated by one such performance. Obviously, there may be many different live performances and recorded performances of a single musical composition and of different arrangements of that composition rendered by different performers.[1] Live performances have never been subject to protection by the Copyright Act. It has been long accepted that the rendition of a performance does not work a "dedication" of the musical composition or other work being performed. See *Ferris v. Frohman* and other cases cited, Brief of Respondent at

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[1]See paragraph "L" at pages 10-14 of the pre-trial conference statement in *Tape Industries Association of America v. Younger*, Supplement to Brief of Respondent.

45 and Brief of Recording Industry Association of America, Inc. as Amicus Curiae ("RIAA Brief") at 32 n. 83.

Customarily the composer and author assign their rights in the musical composition to a music publisher in return for royalties based on income from various uses made of the musical composition. It is the publisher who owns or administers the copyright and who grants the license for mechanical reproduction, *i.e.*, the license to make records and tapes, referred to in Sections 1(e) and 101(e) of the Copyright Act. The customary contract between the publisher and the composer and author of a musical composition provides that the composer and author, on the one hand, and the publisher, on the other, equally share these royalties from such mechanical licenses. See Brief of The Harry Fox Agency, Inc., Amicus Curiae at 2-3. Mechanical reproduction licenses and royalties are solely for the right to use the copyrighted musical composition; these royalties are paid to the publisher as copyright proprietor and, by reason of contract, shared by the publisher with the composer and author of the musical composition. The record company, which is the manufacturer of the "mechanical reproduction", pays these royalties; the musicians, recording artists and the other persons whose performances and skills made the record possible receive no part of the mechanical reproduction royalties.

One of the exclusive rights the Copyright Act gives the proprietor of the copyright of a musical composition is the right to publicly perform that composition for profit, 17 U.S.C. § 1(e). Typical examples of such public performances are radio broadcasts, public concerts, television, night clubs, etc. The licensing of most public performances for profit of copyrighted musical

compositions and the collection of fees therefor ("performance fees") are, for convenience and effectiveness, typically administered for the publisher and the author and composer by a performing rights society, such as ASCAP or BMI. ASCAP and BMI negotiate licenses with various users of either live or recorded music such as radio and television stations, networks, dancehalls, hotels, restaurants, etc., and collect license fees from them. The composer and author, on the one hand, and the publisher, on the other hand, share the net receipts from these public performance licenses. No "performance fees" are paid to live performers or to record companies, recording artists, musicians or any of the other persons whose talent and labor go into making a recording. Performing rights societies are concerned only with issuing licenses and collecting fees for the public performance for profit of copyright musical compositions and with protecting the interests of song writers, lyricists and music publishers. Performing rights societies, such as ASCAP and BMI, have absolutely nothing to do with the protection of the persons who perform those musical compositions or with the protection of performers' rights in either live or recorded performances.[2]

Because of various collective bargaining agreements and the development of usage and custom in the music industry, the practice is almost non-existent today for the performers and musicians who create a recorded performance to receive only a "one shot" payment for their services without regard to the success of the recording.

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[2]For some of the ways in which a performing rights society functions, see: "Name That Tune: If Joe Schmeig Can't, Probably Nobody Can", *Wall Street Journal*, December 14, 1972, page 1, column 4.

The lead performers almost always, if not universally, receive continuing compensation in the form of royalties based on the sale of the recordings, and the musicians, the performers' and musicians' union pension and welfare funds, and the Music Performance Trust Funds also all receive income directly related to the sale of recordings. (See Brief Amicus Curiae For American Federation of Musicians and American Federation of Television and Radio Artists ("AFM and AFTRA Brief") at 1-4; RIAA Brief at 3-7, and affidavits of Sanford I. Wolff, Henry Kaiser, Kenneth E. Raines and Paul Simon in Supplement to Brief of Respondent.) The performers and musicians do, in addition, receive "one shot" payments for rendering their services in the recording session. Under collective bargaining agreements, such payments must be at or above minimum union scale without regard to whether the results of that recording session are ever used at all, and without regard to whether the recording which results therefrom is ever a success. This leads to the situation referred to in the briefs of RIAA and Respondent and in the Congressional hearings on Public Law 92-140 that record companies incur very substantial costs to produce and distribute recordings which may never be successful; those costs can be recouped only out of the sale of successful recordings.

II.

Counsel for petitioners argued that record companies commercially exploit records by selling them and that such commercial exploitation ought itself to be a "publication" or dedication of the right to duplicate the recorded performance. But commercial exploitation alone

has never had the effect of divesting rights. One need think only of trademarks, trade names and titles, which are widely exploited commercially, but which do not thereby lose their status as protectible property. Indeed, in those areas of the law the greater the commercial exploitation and the greater the success in identifying the name, mark or title with the exploiter, the greater the protection. This Court expressly recognized the power of the states to protect trademarks and trade names in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238-39. So it will not do to argue that commercial exploitation of recordings alone ought to divest the owner of the right to protect those recordings.

The same principles refute petitioner's argument that because state law protection is for an unlimited time the states may not protect pre-February 15, 1972 recordings against duplication. Duration of protection alone does not disable the states from acting. Trademarks, trade names and titles can also be protected for an unlimited or indeterminate period of time. Recordings have long been protected against unauthorized duplication under state law of unfair competition on the misappropriation theory enunciated by this Court in *International News Service v. Associated Press*, 248 U.S. 215. This Court did not mention *INS* in *Sears* and *Compco;* there is no reason why the states should not remain free to apply the doctrine of that case as a matter of state law in appropriate circumstances to prevent competition which is unfair and unconscionable—precisely the kind of competition at bench in this case.

III.

At oral argument, several members of the Court inquired about the status of phonograph records under the Copyright Act of 1909 prior to the enactment of Public Law 92-140. Counsel for petitioners took the position that, since records are "writings" which Congress could protect under the Copyright Clause, the failure of Congress to afford protection against unauthorized duplication prior to the enactment of Public Law 92-140 must lead to the result that records made before the effective date of that statute cannot be protected at all against unauthorized duplication.

The courts, the Copyright Office and practitioners have long understood that, although Congress could have protected recordings under the Copyright Clause, recordings were not protected by federal copyright law until enactment of Public Law 92-140. The regulations of the Copyright Office in force prior to the effective date of Public Law 92-140 stated: "[T]he Copyright Office does not register claims to exclusive rights in mechanical recordings themselves, or in the performances they reproduce." 37 C.F.R. §202.8(b) (1972). See Brief of Respondent at 19, RIAA Brief at 35-36, AFM and AFTRA Brief at 7. At oral argument some members of the Court appeared to question this interpretation. But this interpretation is confirmed by enactment of Public Law 92-140 and the accompanying legislative history.

It is quite clear, however, that the failure of the Congress to provide protection until recently was not an expression of Congressional will that recordings not be protected at all against unauthorized duplication. To the contrary, the Congressional history set out at

length in the Brief of Respondent at pages 27-32 and in the RIAA Brief at page 36, note 96, irrefutably demonstrates that both the recording industry and the Congress accepted that records were protected by state law against unauthorized duplication. Furthermore, it is clear from this Congressional history, from the Report of the Register of Copyrights to the Congress in 1961, and from the paper of Assistant Register of Copyrights Barbara A. Ringer, Brief of Respondent at 28-29, that the failure of Congress to enact legislation prior to 1971 resulted from problems unrelated to the principle that recordings ought to be protected against unauthorized duplication.

The issue boils down then to the question of whether Congress' omission to afford uniform federal protection, in the context of clear evidence of a unanimous understanding that protection existed under state law, requires as a matter of construction of the Copyright Act or as a matter of construction of the Constitution, that there can be no protection under state law against the unauthorized duplication of recordings which were fixed before February 15, 1972.

A.

This Court has long refused to draw inferences of Congressional intent from the failure of Congress to act. See *Helvering v. Hallock*, 309 U.S. 106, 119-21 (1940). There is no reason for deviation from this principle in this case; indeed, the strong and clear evidence of the Congressional understanding that recordings were protected against unauthorized duplication under state law requires full implementation of this principle here.

Petitioners' argument of statutory preemption must fail for another reason. The Constitution has specified that Congress shall enact laws by the passage of bills in both houses, and either approval by the President or affirmative legislative overriding of a veto. Petitioners are, in effect, advancing a theory of "legislation by legislative defeat". To find from the failure of passage of certain bills that Congress affirmatively decided that recordings not be protected against unauthorized duplication would be to create a new method of legislation not contemplated by the Constitution—proposal of a bill and failure of enactment. There is incalculable potential for mischief, misunderstanding and misconstruction of such a rule of ascertaining legislative intent and the law. In this case application of such a rule would lead to adoption of a result of total nonprotection of recordings which all available legislative history indicates is directly contrary to the Congressional understanding and the Congressional will.

B.

Counsel for petitioners advanced at oral argument the theory that merely the Constitution's vesting in Congress the power to protect writings had divested the states of any power in this area. In the briefs it has been pointed out that this interpretation of the Constitution is contrary to the general understanding that when a power has been delegated to the Congress, unless the Constitution has withdrawn that power from the states, the states remain free to act until the Congress has acted. See Brief of Respondent at 13-18, 33-38, RIAA Brief at 29-37, and AFM and AFTRA Brief at 7-9. When the Constitution wanted to exclude state power, it did so specifically in Section 10 of

Article I; that section does not exclude state power to protect writings.

Counsel for petitioners also adverted at oral argument to a supposed constitutional requirement of uniformity of protection. But there is no requirement in the Copyright Clause that all protection of writings be "uniform". This is particularly significant in view of the fact that Section 8 of Article I, which contains the copyright power, *expressly* requires *uniformity* of federal laws with respect to "Duties, Imposts and Excises" (Clause 1), naturalization laws, and bankruptcy laws (Clause 4). Federal power to protect writings was not added because of a desire or need to exclude state power, but because of the inadequacy and impracticality of "effectual" state protection and a need for the availability of some form of nation-wide protection. See Whicher, *The Ghost of* Donaldson v. Beckett: *An Inquiry Into the Constitutional Distribution of Powers Over the Law of Literary Property in the United States,* 9 Bull. Copyright Soc'y 102 (1961).

C.

Vast problems inhere in the theory of "constitutional preemption" espoused by petitioners and referred to in some questions by the Court. This theory would hold that the mere grant to Congress of the power to protect "authors" and writings" excludes all state power to grant any such protection. As pointed out in the briefs, the states have protected unpublished writings from the days of the first federal Copyright Act. See Brief of Respondent at 33-34 and RIAA Brief at 29 n. 73. Indeed, for a time both federal and state law concurrently protected unpublished writings, and Section 2 of the 1909 Act expressly confirmed the power of the

states so to do. *Id.* This Court expressly recognized in footnote 7 of its opinion in *Sears* that unpublished writings may be protected under state law. 376 U.S. 225 at 231 n. 7.

The Copyright Clause of the Constitution refers only to "writings" in general; the Constitution makes no distinction between *published* and *unpublished* writings. If there has been "constitutional preemption" of the power to protect writings, all of the prior federal statutes permitting the states to protect unpublished writings, and Section 2 of the present Copyright Act which expressly recognizes this state power, must be unconstitutional. The consequences of such a doctrine are far reaching and devastating. The present Copyright Act does not grant federal protection upon the creation of a writing, but only upon publication with notice (or deposit in limited cases under 17 U.S.C. §12). Since under the present federal Copyright Act there is necessarily a time gap between the creation of the writing and doing the acts necessary to acquire federal copyright protection, the lack of any state power to protect writings at all would cause every writing to fall into the "public domain" before the acts necessary to invest federal protection could be performed. If there has been constitutional preemption, the first Congress and every subsequent Congress which adopted a copyright law assuming and permitting some state law protection of writings has been mistaken as to the meaning of the Constitution. A further effect of the lack of state power to protect writings would be that all existing copyrights would be invalid. See 17 U.S.C. §8, which provides that there can be no copyright of works in the public domain. All works of every kind—literary,

artistic and musical—which had been thought to be protected by copyright would be freely available to anyone to use at will.[3]

History, precedent and principle require a holding that the Constitution has not divested the states of the power to protect writings, and that the states retain this power until Congress has acted. If Congress protects a certain kind of writing then certainly the states ought not to be able to afford duplicate, overlapping or greater protection. But if Congress has not protected a certain kind of writing and if there is no evidence that Congress affirmatively intended that there be no protection at all of that kind of writing, then the states ought to be able to afford protection. After all, if the Congress is unhappy it may always act to achieve the result it desires.

IV.

Congress recently chose to afford uniform federal protection for recordings made after a certain date. If Congress had intended to withdraw protection from recordings made before that date, it easily could have

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[3]Almost all other countries, which do not have our dual system of federal and state law, avoid this problem by a copyright system which vests protection in a writing from the time of its creation. The pending bill for general revision of the federal copyright law abrogates all state law protection but avoids the problem of a hiatus in protection such as that created by the "constitutional preemption" doctrine, by vesting federal protection upon creation of the writing. This pending bill would thus adopt for copyrights the present federal patent law system of either exclusive federal protection or no protection. The question of state power to protect writings remains an important one because the pending revision bill would grant federal protection to existing unpublished writings on the assumption that they are presently protected by state law.

done so. It did not. It said, rather, that the Act extending uniform federal protection should not "be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act."

In light of the legislative, judicial and administrative history one cannot say that "the Congress has unmistakably so ordained"[4] that the states shall not have power to proscribe the unauthorized duplication of sound recordings fixed prior to the time that Congress afforded protection, or that upholding this power of the states would frustrate any federal principle or power. This Court will only effectuate the understanding and intent of Congress by holding that the states do have the power to protect against the unauthorized duplication of sound recordings which were made prior to the availability of federal protection.

Respectfully submitted,

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[4]*Florida Lime & Avocado Growers, Inc. v. Paul,* 373 U.S. 132, at 142.

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Lumber Co.*, 200 U.S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

GOLDSTEIN ET AL. *v.* CALIFORNIA

CERTIORARI TO THE APPELLATE DEPARTMENT, SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

No. 71–1192. Argued December 13, 1972—Decided June 18, 1973

Petitioners, convicted for committing acts of "record" or "tape piracy" in 1970–1971, challenge the California statute proscribing such practices, as violative of the "Copyright Clause," Art. I, § 8, cl. 8, of the Constitution, and the federal statutes enacted thereunder. The state appellate court upheld the validity of the statute. *Held:*

1. Article I, § 8, cl. 8, does not expressly or by inference vest all power to grant copyright protection exclusively in the Federal Government. Pp. 6–14.

(a) Although the objective of the Copyright Clause was to facilitate the granting of rights national in scope, it does not indicate that all "Writings" are of national interest or that protective state legislation is, in all cases, unnecessary or precluded. Pp. 6–11.

(b) No substantially prejudicial interstate conflicts result where some States grant copyright protection within their own jurisdictions while other States do not. Pp. 11–13.

(c) Conflicts will not necessarily arise between state enactments and congressional policy when States grant copyright protection. Pp. 12–13.

(d) Unless Congress determines that the national interest requires federal protection or freedom from restraint as to a particular category of "Writings," state protection of that category is not precluded. P. 13.

(e) The durational limitation imposed by the Copyright Clause on Congress does not invalidate state laws, like the one here, that have no such limitation. P. 14.

2. The California statute does not violate the Supremacy Clause by conflicting with federal copyright law. Pp. 14–23.

(a) Congress did not, in passing the 1909 copyright law, determine that recordings, as original writings, were unworthy of all copyright protection. Pp. 16–20.

Syllabus

(b) Nor did Congress in 17 U. S. C. § 4, which provides that "the works for which copyrights may be secured under this Act shall include all writings of an author," or in § 5, pre-empt state control over all works to which the term "writings" might apply. *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U. S. 225; *Compco Corp.* v. *Day-Brite Lighting*, 376 U. S. 234, distinguished. Pp. 20–23.

3. Although in 1971, the federal copyright statutes were amended to allow federal protection of recordings, such statutory protection was not intended to alter the legal relationships governing recordings "fixed" prior to February 15, 1972. Until and unless Congress takes further action with respect to recordings fixed prior to February 15, 1972, California remains free to proscribe acts of record or tape piracy such as those involved here. Pp. 24–25.

Affirmed.

BURGER, C. J., delivered the opinion of the Court, in which STEWART, WHITE, POWELL, and REHNQUIST, JJ., joined. DOUGLAS and MARSHALL, JJ., filed dissenting opinions, in which BRENNAN and BLACKMUN, JJ., joined.

NOTICE: This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D.C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

SUPREME COURT OF THE UNITED STATES

No. 71–1192

Donald Goldstein, Ruth Koven, and Donald Koven, Petitioners, *v.* State of California.

On Writ of Certiorari to the Appellate Department of the Superior Court of California for the County of Los Angeles.

[June 18, 1973]

MR. CHIEF JUSTICE BURGER delivered the opinion of the Court.

We granted certiorari to review petitioners' conviction under a California statute making it a criminal offense to "pirate" recordings produced by others.

In 1971, an information was filed by the State of California, charging petitioners in 140 counts with violating § 653h of the California Penal Code. The information charged that, between April 1970, and March 1971, petitioners had copied several musical performances from commercially sold recordings without the permission of the owner of the master record or tape.[1] Petitioners

[1] In pertinent part, the California statute provides:

"(a) Every person is guilty of a misdemeanor who:

"(1) Knowingly and willfully transfers or causes to be transferred any sounds recorded on a phonograph record, . . . tape, . . . or other article on which sounds are recorded, with intent to sell or cause to be sold, . . . such article on which such sounds are so transferred, without the consent of the owner.

"(2) . . .

"(b) As used in this section, 'person' means any individual partnership, corporation or association; and 'owner' means the person

moved to dismiss the complaint on the grounds that § 653h was in conflict with Art. I, § 8, cl. 8, of the Constitution,[2] the "Copyright Clause," and the federal statutes enacted thereunder. Upon denial of their motion, petitioners entered pleas of *nolo contendere* to 10 of the 140 counts; the remaining counts were dismissed. On appeal, the Appellate Department of the Superior Court sustained the validity of the statute. After exhausting other state appellate remedies, petitioners sought review in this Court.

I

Petitioners were engaged in what has commonly been called "record" or "tape piracy"—the unauthorized duplication of recordings of performance by major musical artists.[3] Petitioners would purchase from a re-

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who owns the master phonograph record, . . . master tape, . . . or other device used for reproducing recorded sounds on phonograph records, . . . tapes, . . . or other articles on which sound is recorded, and from which the transferred recorded sounds are directly or indirectly derived."

Specifically, each count of the information alleged that, in regard to a particular recording, petitioners had, "at and in the City of Los Angeles, in the County of Los Angeles, State of California . . . wilfully, unlawfully and knowingly transferred and caused to be transferred sounds recorded on a tape with the intent to sell and cause to be sold, such tape on which such sounds [were] so transferred. . . ."

[2] Article I, § 8, cl. 8, provides that Congress shall have the power "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . . ."

[3] Since petitioners did not proceed to trial, the factual record before the Court is sparse. However, both parties indicate that a complete description of petitioner's method of operation may be found in the record of *Tape Industries Asso. of America* v. *Younger*, 316 F. Supp. 340 (CD Cal. 1970), appeal dismissed for lack of jurisdiction, 401 U. S. 902 (1971), appeal pending United States Court of Appeals, CA9, No. 26,628.

tail distributor a single tape or phonograph recording of the popular performances they wished to duplicate. The original recordings were produced and marketed by recording companies with whom petitioners had no contractual relationship. At petitioners' plant, the recording was reproduced on blank tapes, which could in turn be used to replay the music on a tape player. The tape was then wound on a cartridge. A label was attached, stating the title of the recorded performance—the same title as had appeared on the original recording, and the name of the performing artists.[4] After final packaging, the tapes were distributed to retail outlets for sale to the public, in competition with those petitioners had copied.

Petitioners made no payments to the artists whose performances they reproduced and sold, nor to the various trust funds established for their benefit; no payments were made to the producer, technicians, or other staff personnel responsible for producing the original recording and paying the large expenses incurred in production.[5] No payments were made for the use of the artists' names or the album title.

The challenged California statute forbids petitioners from transferring any performance fixed on a tape or

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[4] An additional label was attached to each cartridge by petitioners, stating that no relationship existed between petitioners and the producer of the original recording or the individuals whose performances had been recorded. Consequently, no claim is made that petitioners misrepresented the source of the original recordings or the manufacturer of the tapes.

[5] The costs of producing a single original long playing record of a musical performance may exceed $50,000 or $100,000. *Tape Industries Asso. of America* v. *Younger*, 216 F. Supp., at 344 (1970); Hearings on S. 646 and H. R. 6927 before Subcommittee No. 3 of the Committee on the Judiciary, House of Representatives, 92d Cong., 1st Sess., at 27–28 (1971). For the performance recorded on this record, petitioners would pay only the retail cost of a single long playing record or a single tape.

record onto other records or tapes with the intention of selling the duplicates, unless they have first received permission from those who, under state law, are the owners of the master recording. Although the protection afforded to each master recording is substantial, lasting for an unlimited time, the scope of the proscribed activities is narrow. No limitation is placed on the use of the music, lyrics or arrangement employed in making the master recording. Petitioners are not precluded from hiring their own musicians and artists and recording an exact imitation of the performance embodied on the master recording. Petitioners are even free to hire the same artists who made the initial recording in order to duplicate the performance. In essence, the statute thus provides copyright protection solely for the specific expressions which comprise the master record or tape.

Petitioners' attack on the constitutionality of § 653h has many facets. First, they contend that the statute esablishes a state copyright of unlimited duration, and thus conflicts with Art. I, § 8, cl. 8, of the Constitution. Second, petitioners claim that the state statute interferes with the implementation of federal policies, inherent in the federal copyright statutes. 17 U. S. C. § 1 *et seq.* According to petitioners, it was the intention of Congress, as interpreted by this Court in *Sears, Roebuck and Co.* v. *Stiffel Co.*, 376 U. S. 225 (1964), and *Compco Corp.* v. *Day-Brite Lighting*, 376 U. S. 234 (1964), to establish a uniform law throughout the United States to protect original writings. As part of the federal scheme, it is urged that Congress intended to allow individuals to copy any work which was not protected by a federal copyright. Since § 653h effectively prohibits the copying of works which are not entitled to federal protection, petitioners contend that it conflicts directly with congressional policy and must fall under the Supremacy

Clause of the Constitution. Finally, petitioners argue that 17 U. S. C. § 2, which allows States to protect unpublished writings,[6] does not authorize the challenged state provision; since the records which petitioners copied had previously been released to the public, petitioners contend that they had, under federal law, been published.

We note at the outset that the federal copyright statutes to which petitioners refer were amended by Congress while their case was pending in the state courts. In 1971, Pub. L. 92–140 was passed to allow federal copyright protection of recordings. However, § 3 of the amendment specifically provides that such protection is to be available only to sound recordings "fixed, published and copyrighted" on and after February 15, 1972, and before January 1, 1975, and that nothing in Title 17, as amended is to "be applied retroactively or [to] be construed as affecting in any way any rights with respect to sound recordings fixed before" February 15, 1972. The recordings which petitioners copied were all "fixed" prior to February 15, 1972. Since, according to the language of § 3 of the amendment, Congress did not intend to alter the legal relationships which govern these recordings, the amendments have no application in petitioners' case.[7]

II

Petitioners' first argument rests on the premise that the state statute under which they were convicted lies beyond the powers which the States reserved in our

[6] 17 U. S. C. § 2—"Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, or to obtain damages therefor."

[7] No question is raised in the present case as to the power of the States to protect recordings fixed after February 15, 1972.

federal system. If this is correct, petitioners must prevail, since the States cannot exercise a sovereign power which, under the Constitution, they have relinquished to the Federal Government for its exclusive exercise.

A

The principles which the Court has followed in construing state power were stated by Alexander Hamilton in Number 32 of The Federalist:

> "An entire consolidation of the States into one complete national sovereignty would imply an entire subordination of the parts; and whatever powers might remain in them, would be altogether dependent on the general will. But as the plan of the [Constitutional] convention aims only at a partial union or consolidation, the State governments would clearly retain all the rights of sovereignty which they before had, and which were not, by this act, *exclusively* delegated to the United States. This exclusive delegation, or rather this alienation, of State sovereignty, would only exist in three cases: where the Constitution in express terms granted an exclusive authority to the Union; where it granted in one instance an authority to the Union, and in another prohibited the States from exercising the like authority; and where it granted an authority to the Union, to which a similar authority in the States would be absolutely and totally *contradictory* and *repugnant*.[8]

The first two instances mentioned present no barrier to a State's enactment of copyright statutes. The clause of the Constitution granting to Congress the power to issue

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[8] A. Hamilton, J. Madison, J. Jay, The Federalist, B. F. Wright, ed. (Cambridge, Mass., 1961) (hereafter "The Federalist") 241; see *Cooley* v. *Board of Wardens*, 12 How. (53 U. S.) 299, 318–319 (1851).

copyrights does not provide that such power shall vest exclusively in the Federal Government. Nor does the Constitution expressly provide that such power shall not be exercised by the States.

In applying the third phase of the test, we must examine the manner in which the power to grant copyrights may operate in our federal system. The objectives of our inquiry were recognized in *Cooley* v. *Board of Wardens*, 12 How. (53 U. S.) 299 (1851), when, in determining whether the power granted to Congress to regulate commerce [9] was "compatible with the existence of a similar power in the States," the Court noted:

> "Whatever subjects of this power are in their nature national, or admit of only one uniform system, or plan of regulation, may justly be said to be of such a nature as to require exclusive legislation by Congress." 12 How. (53 U. S.), at 319.

The Court's determination that Congress alone may legislate over matters which are *necessarily* national in import reflects the basic principle of federalism. "The genius and character of the [federal] government," Chief Justice Marshall said,

> "seem to be, that its action is to be applied to all external concerns of the nation, and to those internal concerns which affect the States generally; but not to those which are completely within a particular State, which do not affect other States, and with which it is not necessary to interfere, for the purpose of executing some of the general powers of government." *Gibbons* v. *Ogden*, 9 Wheat. (22 U. S.) 1, 195 (1824).

The question whether exclusive federal power must be inferred is not a simple one, for the powers recognized in the Constitution are broad and the nature of

[9] Article I, § 8, cl. 3.

their application varied. The warning sounded by the Court in *Cooley* may equally be applicable to the Copyright Clause:

> "Either absolutely to affirm, or deny that the nature of [the federal power over commerce] requires exclusive legislation by Congress is to lose sight of the nature of the subjects of this power, and to assert concerning all of them, what is really applicable but to a part. 12 How. (53 U. S.), at 319.

We must also be careful to distinguish those situations in which the concurrent exercise of a power by the Federal Government and the States or by the States alone *may possibly* lead to conflicts and those situations where conflicts *will necessarily* arise. "It is not . . . a mere possibility of inconvenience in the exercise of powers, but an immediate constitutional repugnancy that can by implication alienate and extinguish a preexisting right of [state] sovereignty." The Federalist, No. 32, at 243.

Article I, § 8, cl. 8, of the Constitution gives to Congress the power—

> "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . . ."

The clause thus describes both the objective which Congress may seek and the means to achieve it. The objective is to promote the progress of science and the arts. As employed, the terms "to promote" are synonymous with the words "to stimulate," "to encourage," or "to induce." [10] To accomplish its purpose, Congress may grant to authors the exclusive right to the fruits of their

[10] See *Kendall* v. *Winsor*, 21 How. (62 U. S.) 322, 328 (1858); *Mitchell* v. *Tilghman*, 19 Wall. (86 U. S.) 287, 418 (1873); *Bauer* v. *O'Donnell*, 229 U. S. 1, 10 (1913).

respective works. An author who possesses an unlimited copyright may preclude others from copying his creation for commercial purposes without permission. In other words, to encourage people to devote themselves to intellectual and artistic creation, Congress may guarantee to authors and inventors a reward in the form of control over the sale or commercial use of copies of their works.

The objective of the Copyright Clause was clearly to facilitate the granting of rights national in scope. While the debates on the clause at the Constitutional Convention were extremely limited, its purpose was described by James Madison in No. 43 of the Federalist Papers:

> "The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law. The right to useful inventions seems with equal reason to belong to the inventors. The public good fully coincides in both cases with the claims of individuals. The States cannot separately make effectual provision for either of the cases, and most of them have anticipated the decision of this point, by laws passed at the instance of Congress.[11]

The difficulty noted by Madison relates to the burden placed on an author or inventor who wishes to achieve protection in all States when no federal system of protection is available. To do so, a separate application is required to each state government; the right which in turn may be granted has effect only within the granting State's borders.[12] The national system which Madison

[11] The Federalist, at 309.

[12] Numerous examples may be found in our early history of the difficulties which the creators of items of national import had in securing protection of their creations in all States. For example, Noah Webster, in his effort to obtain protection for his book, A

supported eliminates the need for multiple applications and the expense and difficulty involved. In effect, it allows Congress to provide a reward greater in scope than any particular State may grant to promote progress in those fields which Congress determines are worthy of national action.

Although the copyright clause thus recognizes the potential benefits of a national system, it does not indicate that all writings are of national interest or that state legislation is, in all cases, unnecessary or precluded. The patents granted by the States in the 18th century show, to the contrary, a willingness on the part of the States to promote those portions of science and the arts which were of local importance.[13] Whatever the diversity of people's

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Grammatical Institute of the English Language, brought his claim before the legislatures of at least six States, and perhaps as many as 12. See B. Bugbee, The Genesis of American Patent and Copyright Law (Wash., D. C., 1967) 108–110, 120–124; H. R. Rep. No. 2222, 60th Cong., 2d Sess., at 2 (1909). Similar difficulties were experienced by John Fitch and other inventors who desired to protect their efforts to perfect a steamboat. See Federico, State Patents, 13 J. of the Patent Office Society 166, 170–176 (1931).

[13] As early as 1751, Massachusetts granted to Benjamin Crabb the exclusive right to employ a specific process for the manufacture of candles out of whale oil. It is not clear whether Crabb invented the process. The Acts and Resolves, Public and Private of the Province of Massachusetts Bay, Vol. III, Session of Jan. 10, 1751, c. 19, at 546–547 (1878). In 1780, Pennsylvania granted a patent to Henry Guest for the processing of tanning oil and blubber, noting specifically that the patent was "a reward for his discovery and for the purpose of promoting useful manufactories in this state." The Statutes at Large of Pennsylvania from 1682 to 1801, J. Mitchell and H. Flanders, eds., Vol. X, at 132 (1904). Similarly, South Carolina granted protection to Peter Belin in 1786 for newly designed water works which aided in the production of rice, a staple of South Carolina agriculture, and other products. Another patent relating to the processing of rice was granted by South Carolina in 1788. The Statutes at Large of South Carolina, T. Cooper, ed., Vol. IV, at 755 (1838); Vol. V, at 69 (1839). In 1787, Maryland

backgrounds, origins and interests and whatever the variety of business and industry in the 13 colonies, the range of diversity is obviously far greater today in a country of 210 million people in 50 States. In view of that enormous diversity, it is unlikely that all citizens in all part of the country place the same importance on works relating to all subjects. Since the subject matter to which the copyright clause is addressed may thus be of purely local importance and not worthy of national attention or protection, we cannot discern such an unyielding national interest as to require an inference that state power to grant copyrights has been relinquished to *exclusive* federal control.

The question to which we next turn is whether, in actual operation, the exercise of the power to grant copyrights by some States will prejudice the interests of other States. As we have noted, a copyright granted by a particular State has effect only within its boundaries. If one State grants such protection, the interests of States which do not are not prejudiced since their citizens remain free to copy within their borders those works which may be protected elsewhere. The interests of a State which grants copyright protection may, however, be adversely affected by other States that do not; individuals who wish to purchase a copy of a work protected in their own State will be able to buy unauthorized copies

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granted a patent on a spinning and carding machine "to encourage useful invention, as well as promote the manufacture of cotton and wool within this state. . . ." The Laws of Maryland, W. Lilty, ed., Vol. II, Session of Nov. 6, 1786–Jan. 20, 1787, c. 23 (1800). In the same year, Pennsylvania patented certain devices relating to flour mills, noting that these devices would "tend to simplify and render cheap the manufacture of flour which is one of the principal staples of this commonwealth. . . ." The Statutes at Large of Pennsylvania from 1682 to 1801, J. Mitchell and H. Flanders, eds., Vol. XII, at 483–485 (1906).

in other States where no protection exists. However, this conflict is neither so inevitable nor so severe as to compel the conclusion, that state power has been relinquished to the exclusive jurisdiction of the Congress. Obviously when some States do not grant copyright protection—and most do not—that circumstance reduces the economic value of a state copyright, but it will hardly render the copyright worthless. The situation is no different from that which may arise in regard to other state monopolies, such as a food concession in a limited enclosure, such as a state park, or a state lottery; in each case, citizens may escape the effect of one State's monopoly by making purchases in another area or another State. Similarly, in the case of state copyrights, except as to individuals willing to travel across state lines in order to purchase records or other writings protected in their own State, each State's copyrights will still serve to induce new artistic creations within that State—the very objective of the grant of protection. We do not see here the type of prejudicial conflicts which would arise, for example, if each State exercised a sovereign power to impose imposts and tariffs; [14] nor can we discern a need for uniformity such as that which may apply to the regulation of interstate shipments.[15]

Similarly, it is difficult to see how the concurrent exercise of the power to grant copyrights by Congress and the States will necessarily and inevitably lead to difficulty. At any time Congress determines that a particular category of "writing" is worthy of national protection and the incidental expenses of federal administration, federal copyright protection may be authorized.

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[14] The Federalist, No. 42, at 305.

[15] Cf. *Morgan* v. *Virginia*, 328 U. S. 373; *Bibb* v. *Navajo Freight Lines*, 359 U. S. 520; *Southern Pacific Co.* v. *Arizona*, 325 U. S. 761; *Pennsylvania* v. *West Virginia*, 262 U. S. 553 (1923).

Where the need for free and unrestricted distribution of a writing is thought to be required by the national interest, the Copyright Clause and the Commerce Clause would allow Congress to eschew all protection. In such cases, a conflict would develop if a State attempted to protect that which Congress intended to be free from restraint or to free that which Congress had protected. However, where Congress determines that neither federal protection nor freedom from restraint is required by the national interest, it is at liberty to stay its hand entirely.[16] Since state protection would not then conflict with federal action, total relinquishment of the States' power to grant copyright protection cannot be inferred.

As we have seen, the language of the Constitution neither explicitly precludes the States from granting copyrights nor grants such authority exclusively to the Federal Government. The subject matter to which the copyright clause is addressed may at times be of purely local concern. No conflict will necessarily arise from a lack of uniform state regulation, nor will the interest of one State be significantly prejudiced by the actions of another. No reason exists why Congress must take affirmative action either to authorize protection of all categories of writings or to free them from all restraint. We therefore conclude that, under the Constitution, the States have not relinquished all power to grant to authors "the exclusive Right to their respective Writings."

B

Petitioners base an additional argument on the language of the Constitution. The California statute for-

[16] For example, Congress has provided that writings which may eventually be the subject of a federal copyright, may be protected under state law prior to publication. 17 U. S. C. § 2.

bids individuals from appropriating recordings at any time after release. From this, petitioners argue that the State has created a copyright of *unlimited* duration, in violation of that portion of Art. I, § 8, cl. 8, which provides that copyrights may only be granted "for limited Times." Read literally, the text of Art. I does not support petitioners' position. Section 8 enumerates those powers which have been granted *to Congress;* whatever limitations have been appended to such powers can only be understood as a limit on congressional, and not state, action. Moreover, it is not clear that the dangers to which this limitation was addressed apply with equal force to both the Federal Government and the States. When Congress grants an exclusive right or monopoly, its effects are pervasive; no citizen or State may escape its reach. As we have noted, however, the exclusive right granted by a State is confined to its borders. Consequently, even when the right is unlimited in duration, any tendency to inhibit further progress in science or the arts is narrowly circumscribed. The challenged statute cannot be voided for lack of a durational limitation.

III

Our conclusion that California did not surrender its power to issue copyrights does not end the inquiry. We must proceed to determine whether the challenged state statute is void under the Supremacy Clause. No simple formula can capture the complexities of this determination; the conflicts which may develop between state and federal action are as varied as the fields to which congressional action may apply. "Our principal function is to determine whether, under the circumstances of this particular case, [the state] law stands as an obstacle to the accomplishment and execution of the full purposes

and objectives of Congress." *Hines* v. *Davidowitz*, 312 U. S. 52, 67 (1941). We turn then to federal copyright law to determine what objectives Congress intended to fulfill.

By Art. I, § 8, cl. 8, of the Constitution, the States granted to Congress the power to protect the "Writings" of "Authors." These terms have not been construed in their narrow literal sense but, rather, with the reach necessary to reflect the broad scope of constitutional principles. While an "author" may be viewed as an individual who writes an original composition, the term, in its constitutional sense, has been construed to mean an "originator," "he to whom anything owes its origin." *Burrow-Giles Lithographic Co.* v. *Sarony*, 111 U. S. 53, 58 (1884). Similarly, although the word "writings" might be limited to script or printed material, it may be interpreted to include any physical rendering of the fruits of creative intellectual or aesthetic labor. *Id., Trade Mark Cases*, 100 U. S. 82, 94 (1879). Thus, recordings of artistic performances may be within the reach of Clause 8.

While the area in which Congress *may* act is broad, the enabling provision of Clause 8 does not require that Congress act in regard to all categories of materials which meet the constitutional definitions. Rather, whether any specific category of "Writings" is to be brought within the purview of the federal statutory scheme is left to the discretion of the Congress. The history of federal copyright statutes indicates that the congressional determination to consider specific classes of writings is dependent not only on the character of the writing, but also on the commercial importance of the product to the national economy. As our technology has expanded the means available for creative activity and has provided economi-

cal means for reproducing manifestations of such activity, new areas of federal protection have been initiated.[17]

Petitioners contend that the actions taken by Congress in establishing federal copyright protection preclude the

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[17] The first congressional copyright statute, passed in 1790, governed only maps, charts, and books. Act of May 31, 1790, c. 15, 1 Stat. 124. In 1802, the Act was amended in order to grant protection to any person "who shall invent and design, engrave, etch or work . . . any historical or other print or prints. . . ." Act of April 29, 1802, c. 36, 2 Stat. 171. Protection was extended to musical compositions when the copyright laws were revised in 1831. Act of Feb. 3, 1831, c. 16, 4 Stat. 436. In 1865, at the time when Mathew Brady's pictures of the Civil War were attaining notoriety, photographs and photographic negatives were expressly added to the list of protected words. Act of Mar. 3, 1865, c. 123, 13 Stat. 540. Again in 1870, the list was augmented to cover paintings, drawings, chromos, statuettes, statuary, and models or designs of fine art. Act of July 8, 1870, c. 230, 16 Stat. 198.

In 1909, Congress agreed to a major consolidation and amendment of all federal copyright statutes. A list of 11 categories of protected work was provided. The relevant sections of the Act are discussed in the text of our opinion. The House Report on the proposed bill specifically noted that amendment was required because "the reproduction of various things which are the subject of copyright has enormously increased," and that the President has specifically recommended revision, among other reasons, because the prior laws "omit[ted] protection for many articles which, under modern reproductive processes, are entitled to protection." H. R. Rep. No. 2222, *supra*, n. 12, at 1 (quoting Samuel J. Elder and President Theodore Roosevelt).

Since 1909, two additional amendments have been added. In 1912, the list of categories in § 5 was expanded specifically to include motion pictures. The House Report on the amendment noted:

"The occasion for this proposed amendment is the fact that the production of motion-picture photoplays and motion pictures other than photoplays has become a business of vast proportions. The money invested therein is so great and the property rights so valuable that the committee is of the opinion that the copyright laws ought to be so amended as to give to them distinct and definite

States from granting similar protection to recordings of musical performances. According to petitioners, Congress addressed the question of whether recordings of performances should be granted protection in 1909; Congress determined that any individual who was entitled to a copyright on an original musical composition should have the right to control to a limited extent the use of that composition on recordings, but that the record itself, and the performance which it was capable of reproducing were not worthy of such protection.[18] In support of their claim, petitioners cite the House Report on the 1909 Act, which states:

> "It is not the intention of the committee to extend the right of copyright to the mechanical reproductions themselves, but only to give the composer or copyright proprietor the control, in accordance with the provisions of the bill, of the manufacture and use of such devices." H. R. Rep. No. 2222, 60th Cong., 2d Sess., 9 (1909).

To interpret accurately Congress' intended purpose in passing the 1909 Act and the meaning of the House Report petitioners cite, we must remember that our modern technology differs greatly from that which existed in 1909. The Act and the report should not be read as if they were written today, for to do so would inevitably

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recognition and protection." H. R. Rep. No. 756, 62d Cong., 2d Sess., at 1 (1912).

Finally, in 1971, § 5 was amended to include "sound recordings." Congress was spurred to action by the growth of record piracy, which was in turn due partly to technological advances. See Hearings on S. 646 and H. R. 6927, *supra*, n. 5, at 4–5, 11 (1971). It must be remembered that the "record piracy" charged against petitioners related to recordings fixed by the original producer prior to Feb. 15, 1972, the effective date of the 1971 Act. See p. 5, *supra*.

[18] 17 U. S. C. § 1 (e).

distort their intended meaning; rather, we must read them against the background of 1909 in which they were written.

In 1831, Congress first extended federal copyright protection to original musical compositions. An individual who possessed such a copyright had the exclusive authority to sell copies of the musical score; individuals who purchased such a copy did so for the most part to play the composition at home on piano or other instrument. Between 1831 and 1909, numerous machines were invented which allowed the composition to be reproduced mechanically. For example, one had only to insert a piano roll or disc with perforations in appropriate places into a player piano to achieve almost the same results which previously required someone capable of playing the instrument. The mounting sales of such devices detracted from the value of the copyright granted for the musical composition. Individuals who had use of a piano roll and an appropriate instrument had little if any need for a copy of the sheet music.[19] The problems which arose eventually reached this Court in 1908 in the case of *White-Smith Music Publishing Co.* v. *Apollo Co.*, 109 U. S. 1 (1908). There, the Apollo Company had manufactured piano rolls capable of reproducing mechanically compositions covered by a copyright owned by appellant. Appellant contended that the piano rolls constituted "copies" of the copyrighted composition and that their sale, without permission, constituted an infringement of the copyright. The Court held that piano rolls, as well as records, were not "copies" of the copyrighted composition, in terms of the federal copyright statutes, but were merely com-

[19] H. R. Rep. No. 7083, 59th Cong., 2d Sess., pt. 2, at 2 (1907) (Minority Report).

ponent parts of a machine which executed the composition.[20] Despite the fact that the piano rolls employed the creative work of the composer, all protection was denied.

It is against this background that Congress passed the 1909 statute. After pointedly waiting for the Court's decision in *White-Smith Music Publishing Company*,[21] Congress determined that the copyright statutes should be amended to insure that *composers of original musical works* received adequate protection to encourage further artistic and creative effort. Henceforth, under § 1 (e), records and piano rolls were to be considered as "copies" of the original composition they were capable of reproducing, and could not be manufactured unless payment was made to the *proprietor of the composition copyright*. The section of the House Report cited by petitioners was intended only to establish the limits of *the composer*'s right; composers were to have no control over the recordings themselves. Nowhere does the report indicate that Congress considered records as anything but a component part of a machine, capable of reproducing an original composition [22] or that Congress intended records, as

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[20] "After all, what is the perforated roll? The fact is clearly established on the testimony in this case that even those skilled in the making of these rolls are unable to read them as musical compositions, as those in staff notation are read by the performer. . . .

"These perforated rolls are parts of a machine which, when duly applied and properly operated in connection with the mechanism to which they are adapted, produce musical tones in harmonious combination. But we cannot think that they are copies within the meaning of the copyright act." 209 U. S., at 18.

[21] H. R. Rep. No. 7083, *supra*, n. 19, Part I, at 10; Part II, at 3–4.

[22] This is especially clear from the comment made by the Committee on Patents in regard to a foreign statute which, to some extent, protected performances. The committee stated that the foreign statute "in no way affects the reproduction of such music by

renderings of original artistic performance to be free from state control.[22]

Petitioners' argument does not rest entirely on the belief that Congress intended specifically to exempt recordings of performances from state control. Assuming that no such intention may be found, they argue that Congress so occupied the field of copyright protection as to pre-empt all comparable state action. *Rice* v. *Santa Fe Elevator Corporation*, 331 U. S. 218 (1947). This assertion is based on the language of 17 U. S. C. §§ 4 and 5, and on this Court's opinions in *Sears, Roebuck and Co.* v. *Stiffel Co.*, 376 U. S. 225 (1964), and

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phonographs, graphophones, or the ordinary piano playing instruments, for in these instruments the reproduction is purely mechanical." H. R. Rep. No. 2222, *supra*, n. 12, at 5.

[23] Petitioners do not argue that § 653h conflicts with that portion of 17 U. S. C. § 1 (e) which provides:

"[W]henever the owner of a musical copyright has used or permitted or knowingly acquiesced in the use of the copyrighted work upon the parts of instruments serving to reproduce mechanically the musical work, any other person may make similar use of the copyrighted work upon the payment to the copyright proprietor of a royalty of two cents on each such part manufactured . . . ."

Assuming *arguendo* that petitioners' use of the composition they duplicated constitutes a "similar use," the challenged state statute might be claimed to diminish the return which is due the composer by lessening the number of copies produced, and thus to conflict with § 1 (e). However, as we have noted above, the means presently available for reproducing recordings were not in existence in 1909 when 17 U. S. C. § 1 (e) was passed. We see no indication that the challenged state statute detracts from royalties which Congress intended the composer to receive. Furthermore, many state statutes may diminish the number of copies produced. Taxing statutes, for example, may raise the cost of producing or selling records and thereby lessen the number of records which may be sold or inhibit new companies from entering this field of commerce. We do not see in these statutes the direct conflict necessary to render a state statute invalid.

Compco Corp. v. *Day-Brite Lighting,* 376 U. S. 234 (1964).

Section 4 of the federal copyright laws provides:

> "[T]he works for which copyrights may be secured under this Act shall include all writings of an author."

Section 5, which lists specific categories of protected works, adds:

> "[T]he above specifications shall not be held to limit the subject-matter of copyright as defined in section four of this Act. . . ."

Since § 4 employs the constitutional term "writings," [24] it may be argued that Congress intended to exercise its authority over all works to which the constitutional provision might apply. However, in the more than 60 years which have transpired since enactment of this provision, neither the Copyright Office, the courts, nor the Congress has so interpreted it. The Register of Copyrights, who is charged with administration of the statute, has consistently ruled that "claims to exclusive rights in mechanical recordings . . . , or in the performances they reproduce" are not entitled to protection under § 4. 37 CFR § 202.8 (b) (1972).[25] With one early exception,[26]

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[24] H. R. Rep. No. 2222, *supra,* n. 12, at 10.

[25] The registration of records under the provisions of the 1909 Act would give rise to numerous administrative difficulties. It is difficult to discern how an individual who wished to copyright a record could comply with the notice and deposit provisions of the statute. 17 U. S. C. §§ 12, 13, 19, 20. Nor is it clear to whom the copyright could rightfully be issued or what constituted publication. Finally, the administrative and economic burden of classifying and maintaining copies of records would have been considerable. See Chafee, Reflections on the Law of Copyright II, 45 Col. L. Rev. 719, 735 (1945); Ringer, The Unauthorized Duplication of Sound Recordings,

[*Footnote 26 is on p. 22*]

American courts have agreed with this interpretation;[26] and in 1971, prior to passage of the statute which extended federal protection to recordings fixed on or after Feb. 15, 1972, Congress acknowledged the validity of that interpretation. Both the House and Senate Reports on the proposed legislation recognized that recordings qualified as "writings" within the meaning of the Constitution, but had not previously been protected under the federal copyright statute. H. R. Rep. No. 92–487, 92d Cong., 1st Sess. (1971), at 2, 5; S. Rep. No. 92–72, 92d Cong., 1st Sess. (1971), at 4. In light of this consistent interpretation by the courts, the agency empowered to administer the copyright statutes, and Congress itself, we cannot agree that §§ 4 and 5 have the broad scope petitioners claim.

Sears and *Compco*, on which petitioners rely, do not support their position. In those cases, the question was whether a State could, under principles of state unfair competition law, preclude the copying of mechanical configurations which did not possess the qualities required for the granting of a federal design or mechanical patent. The Court stated:

> "[T]he patent system is one in which uniform federal standards are carefully used to promote invention while at the same time preserving free competition. Obviously a State could not, consistently with the Supremacy Clause of the Constitution,

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Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, United States Senate, 86th Cong., 2d Sess., at 2 (1961); Hearings on S. 646 and H. R. 6927, *supra*, n. 5, at 11, 14.

[26] *Fonotopia Limited* v. *Bradley*, 171 Fed. 951, 963 (EDNY 1909).

[27] *Aeolian Co.* v. *Royal Music Roll Co.*, 196 Fed. 926, 927 (WDNY 1912); *Waring* v. *WDAS Broadcasting Station*, 327 Pa. 433, 437–438 (1937); *Capitol Records* v. *Mercury Records Corp.*, 221 F. 2d 657, 661–662 (CA2 1955); *Jerome* v. *Twentieth Century Fox-Film Corp.*, 67 F. Supp. 737, 742 (SDNY 1946).

extend the life of a patent beyond its expiration date or give a patent on an article lacking the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time. Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws." *Sears, Roebuck and Co.* v. *Stiffel Co.*, 376 U. S., at 230–231 (1964) (footnotes omitted).

In regard to mechanical configurations, Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free. The application of state law in these cases to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn and thereby necessarily gave way under the Supremacy Clause of the Constitution. No comparable conflict between state law and federal law arises in the case of recordings of musical performances. In regard to this category of "Writings," Congress has drawn no balance; rather, they have left the area unattended, and no reason exists why the State should not be free to act.[28]

[28] Petitioners place great stress on their belief that the records or tapes which they copied had been "published." We have no need to determine whether, *under state law*, these recordings had been published or what legal consequences such publication might have. *For purposes of federal law*, "publication" serves only as a term of the

IV

More than 50 years ago, Justice Brandeis observed in dissent in *International News Service* v. *Associated Press:*

> "The general rule of law is, that the noblest of human productions—knowledge, truths ascertained, conceptions, and ideas—become, after voluntary communications to others free as the air to common use." 248 U. S. 215, 250 (1918).

But there is no fixed, immutable line to tell us which "human productions" are private property and which are so general as to become "free as the air." In earlier times, a performing artist's work was largely restricted to the stage; once performed, it remained "recorded" only in the memory of those who had seen or heard it. Today, we can record that performance in precise detail and reproduce it again and again with utmost fidelity. The California statutory scheme evidences a legislative policy to prohibit "tape" and "record piracy," conduct that may adversely affect the continued production of new recordings, a large industry in California. Accordingly, the State has, by statute, given to recordings the attributes of property. No restraint has been placed on the use of an idea or concept; rather, petitioners and other individuals remain free to record the same compositions in precisely the same manner and with the same personnel as appeared on the original recording.

In sum, we have shown that § 653h does not conflict with the federal copyright statute enacted by Congress in 1909. Similarly, no conflict exists between the federal copyright statute passed in 1971 and the present appli-

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art which defines the legal relationships which Congress has adopted under the federal copyright statutes. As to categories of writings which Congress has not brought within the scope of the federal statute, the term has no application.

cation of § 653h, since California charged petitioners only with copying recordings fixed prior to February 15, 1972.[29] Finally, we have concluded that our decisions in *Sears* and *Compco*, which we reaffirm today, have no application in the present case, since Congress has indicated neither that it wishes to protect, nor to free from protection, recordings of musical performances fixed prior to February 15, 1972.

We conclude that the State of California has exercised a power which it retained under the Constitution, and that the challenged statute, as applied in this case, does not intrude into an area which Congress has, up to now, pre-empted. Until and unless Congress takes further action with respect to recordings fixed prior to February 15, 1972, the California statute may be enforced against acts of piracy such as those which occurred in the present case.

Affirmed.

[29] *Supra*, at 6.

SUPREME COURT OF THE UNITED STATES

No. 71-1192

Donald Goldstein, Ruth Koven, and Donald Koven, Petitioners, *v.* State of California.	On Writ of Certiorari to the Appellate Department of the Superior Court of California for the County of Los Angeles.

[June 18, 1973]

MR. JUSTICE DOUGLAS, with whom MR. JUSTICE BRENNAN and MR. JUSTICE BLACKMUN concur, dissenting.

Article I, § 8, cl. 8 of the Constitution provides:

> "Congress shall have power . . . to promote the progress of science and useful arts, by reserving for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

Madison made a brief comment on this provision governing both patents and copyrights:

> "The States cannot separately make effectual provisions for either of these cases and most of them have anticipated the decision of this point by laws passed at the instance of Congress." [1]

We have been faithful to that admonition. In *Sears Roebuck & Co.* v. *Stiffel Co.*, 376 U. S. 225, 230–231, we said:

> "Thus the patent system is one in which uniform federal standards are carefully used to promote invention while at the same time preserving free competition. Obviously a State could not, consistently with the Supremacy Clause of the Constitution, ex-

[1] Federalist No. 43.

> tend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time. Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws."

An unpatentable article is "in the public domain and may be made and sold by whoever chooses to do so." *Id.*, at 231. In that case we did not allow a State to use its unfair competition law to prevent copying of an article which lacked such novelty that it could not be patented. In a companion case, *Compco Corp.* v. *Day-Brite Lighting*, 376 U. S. 234, where an unfair competition charge was made under state law, we made the same ruling stating:

> "Today we have held in *Sears, Roebuck & Co.* v. *Stiffel Co., supra,* that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain."

Prior to February 25, 1972, copyright protection was not extended to sound recordings. *Sears* and *Compco* make clear that the federal policy expressed in Art. I, § 8, cl. 8, is to have "national uniformity in patent and copyright laws," 376 U. S., at 231, a policy bolstered by

Acts of Congress which vest exclusive jurisdiction to hear patent and copyright cases in federal courts . . . and that section of the Copyright Act which expressly saves state protection of unpublished writings but does not include published writings." *Ibid.*

Prior to February 15, 1972,[2] sound recordings had no copyright protection. And even under that Act the copyright would be effective "only to sound recordings fixed, published, and copyrighted on and after the effective date of this Act (February 15, 1972) and before January 1, 1975." [3]

California promotes in her law monopoly; the federal policy promotes monopoly only when a copyright is issued, and it fosters competition in all other instances. Moreover, federal law limits its monopoly to 28 years plus a like renewal period,[4] while California extends her monopoly into perpetuity.

Cases like *Sears* were surcharged with "unfair competition" and the present one with "pirated recordings." But free access to products on the market is the consumer interest protected by the failure of Congress to extend patents or copyrights into various areas. The drive for monopoly protection is strong as evident from a reading of the Committee Reports on the 1971 Act.[5] Yet Congress took but a short step, setting up a trial period to consider the new monopoly approach. It was told that state laws, such as we have in this case, were being challenged on the ground that the Federal Constitution had pre-empted the field, even in absence of a provision for making it possible to obtain a copyright for sound re-

[2] The effective date of Pub. L. 92–140, 85 Stat. 391, 53.

[3] *Id.*, § 3.

[4] 17 U. S. C. § 24.

[5] H. R. Rep. No. 92–487, 92d Cong., 1st Sess.; S. Rep. No. 92–72, 92d Cong., 1st Sess.

cordings. But the House Committee made only the following comment:

> "While the committee expresses no opinion concerning this legal question, it is clear that the extension of copyright protection to sound recordings would resolve many of the problems which have arisen in connection with the efforts to combat piracy in State courts."

The Department of Justice in commenting on the proposals that resulted in the 1971 Act told the House: [7]

> "We believe that extending copyright to reproduction of sound recordings is the soundest, and in our interpretation of *Sears* and *Compco*, the only way in which sound recordings should be protected. Copyright protection is narrowly defined and limited in duration, whereas state remedies, whose validity is still in doubt, frequently create broad and unwarranted perpetual monopolies. Moreover, there is an immediate and urgent need for this protection."

The need for uniformity was stated by Judge Learned Hand in a dissent in *Capitol Records, Inc.* v. *Mercury Records Corp.*, 221 F. 2d 657. That case involved the duplication of uncopyrighted sound recordings, the court holding that state law prevailed where there was no federal copyright provision. Judge Hand emphasized in his dissent that "uniformity" was one of the principal purposes of the Patent and Copyright Clause and that "uniformity could be obtained only by preemption." He said:

> "If, for example in the case at bar, the defendant is forbidden to make and sell these records in New

[6] H. R. Rep., *supra*, n. 5, at 3.
[7] *Id.*, at 13.

York, that will not prevent it from making and selling them in any other state which may regard the plaintiff's sales as a 'publication'; and it will be practically impossible to prevent their importation into New York. That is exactly the kind of evil at which the clause is directed."

I would reverse the judgment below.

SUPREME COURT OF THE UNITED STATES

No. 71-1192

Donald Goldstein, Ruth Koven, and Donald Koven, Petitioners, *v.* State of California.	On Writ of Certiorari to the Appellate Department of the Superior Court of California for the County of Los Angeles.

[June 18, 1973]

MR. JUSTICE MARSHALL, with whom MR. JUSTICE BRENNAN and MR. JUSTICE BLACKMUN join, dissenting.

The argument of the Court, as I understand it, is this: Art. I, § 8, cl. 8, of the Constitution gives Congress the power "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." The Framers recognized that individual States might have peculiarly local interests that Congress might not consider worthy of attention. Thus, the constitutional provision does not, of its own force, bar States from promoting those local interests. However, as the Court noted in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U. S. 225 (1964), with respect to every particular item within general classes enumerated in the relevant statutes, Congress had balanced the need to promote invention against the desire to preserve free competition, and had concluded that it was in the national interest to preserve competition as to every item that could not be patented. That is, the fact that some item could not be patented demonstrated that, in the judgment of Congress, it was best to let competition in the production of that item go unrestricted. The situation with regard to copyrights is said to be similar. There Congress enumerated certain classes of works for which a

copyright may be secured. 17 U. S. C. § 5. Its silence as to other classes does not reflect a considered judgment about the relative importance of competition and promotion of "Science and useful Arts." Thus, the Court says, the States remain free to protect as they will "writings" not in the enumerated classes, until Congress acts. Since sound recordings fixed prior to February 15, 1972, were not enumerated by Congress as subject to copyrighting,[1] the States may protect such recordings.

With respect, I cannot accept the final step of this argument. In my view, Congress has demonstrated its desire to exercise the full grant of constitutional power. Title 17, U. S. C. § 4, states: "The works for which copyright may be secured under this title shall include *all the writings of an author*" (emphasis added). The use of the constitutional terms "writings" and "author" rather strongly suggests that Congress intended to follow the constitutional grant. It could exercise the power given it by the Constitution in two ways: either by protecting all writings, or by protecting all writings within designated classes and leaving open to competition all writings in other classes. Section 5 shows that the latter course was chosen, for it enumerates various classes of works that may be registered.[2] Ordinarily, the failure to enumerate "sound recordings" in § 5 would not be taken as an expression of Congress' desire to let free

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[1] Sound recordings fixed after that date may be copyrighted. Pub. L. 92–140, 85 Stat. 391 (1971), 17 U. S. C. § 5 (n) (Supp. I, 1971).

[2] From the language of § 4 and the proviso of § 5, it could be rather strongly argued that Congress had intended to afford protection to every writing. I agree with the Court, however, that the consistent administrative interpretation of those sections, in conjunction with the practical difficulty of applying to novel cases certain statutory requirements, like that requiring placement of the notice of copyright on every copy, 17 U. S. C. § 10, precludes such an argument.

competition reign in the reproduction of such recordings, for, because of the realities of the legislative process, it is generally difficult to infer from a failure to act any affirmative conclusions. Cf. *Cleveland* v. *United States*, 329 U. S. 14, 22 (1946) (Rutledge, J., concurring). But in *Sears* and its companion case, *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U. S. 234 (1964), the Court determined that with respect to patents and copyrights, the ordinary practice was not to prevail. In view of the importance of not imposing unnecessary restraints on competition, the Court adopted in those cases a rule of construction that, unless the failure to provide patent or copyright protection for some class of works could clearly be shown to reflect a judgment that state regulation was permitted, the silence of Congress would be taken to reflect a judgment that free competition should prevail. I do not find in *Sears* and *Compco* a limitation on that rule of construction to general classes that Congress has enumerated although of course on the facts of those cases only items in such classes were involved; rather, the broadest language was used in those cases.[3] Nor can I find in the course of legislation sufficient evidence to convince me that Congress determined to permit state regulation of the reproduction of sound recordings. For whenever technological advances made extension of copyright protection seem wise, Congress has acted promptly. See *ante*, n. 17.[4] This seems to me to reflect

[3] It bears noting that in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U. S. 225 (1964), repeatedly referred to the patent and copyright statutes as if the same rules of interpretation applied to both. See, *e. g.*, 396 U. S., at 228, 231 n. 7; *Compco Corp.* v. *Day-Bright Lighting Inc.*, 376 U. S. 234, 237 (1964).

[4] Between 1909 and 1951, Congress' attention was repeatedly drawn to problems of copyrighting sound recordings. Many bills to provide copyright protection for such recordings were introduced, but none were enacted. See Ringer, The Unauthorized Duplication of

the same judgment that the Court found in *Sears* and *Compco:* Congress has decided that free competition should be the general rule, until it is convinced that the failure to provide copyright or patent protection is hindering "the Progress of Science and useful Arts."

The business of record piracy is not an attractive one; persons in the business capitalize on the talents of others without needing to assess independently the prospect of public acceptance of a performance. But the same might be said of persons who copy "mechanical configurations." Such people do provide low-cost reproductions that may well benefit the public. In light of the presumption of *Sears* and *Compco* that congressional silence betokens a determination that the benefits of competition outweigh the impediments placed on creativity by the lack of copyright protection, and in the absence of a congressional determination that the opposite is true, we should not let our distaste for "pirates" interfere with our interpretation of the copyright laws. I would therefore hold that, as to sound recordings fixed before February 15, 1972, the States may not enforce laws limiting reproduction.

Sound Recordings 21–87 (Study No. 26 of Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, United States Senate, 86th Cong., 2d Sess.) (1961). Respondent argues that Congress failed to enact these bills primarily out of uncertainty about the relationship between federal law and international copyright conventions, and was comforted in the knowledge that protection was available under state law. See Brief for Respondent, 28–32. However, it is enough that Congress was aware of the problem, and could have acted, as it did when other technological innovations presented new problems, rather expeditiously. The problems that Congress confronted in 1971 did not spring up in 1970, but had existed, and Congress had not acted, for many years before.

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IN THE

Supreme Court of the United States

October Term, 1971
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

vs.

THE STATE OF CALIFORNIA,

Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

PETITION FOR REHEARING.

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IN THE

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On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

PETITION FOR REHEARING.

I.

Preliminary Statement.

The purpose of this petition is twofold. First, petitioners request the Court to clarify an important point not covered in the Court's opinion. That is, may a State include in its grant of copyright protection to a class of writings not "attended" by Federal copyright specific items within that class which have been generally sold to the public within the State prior to the enactment of the State copyright law?

Petitioners' second point is that the Court's opinion is based, to a large degree, on matter which was neither

argued nor briefed by either petitioners or respondent, and that petitioners should have the opportunity to be heard on such matters since there appears to be important arguments that the Court has apparently not fully considered; and that the reasoning of the instant decision could well mean that Public Law 92-140, which purports to grant Federal copyright protection to post-February 15, 1972 sound recordings, is unconstitutional.

II.

This Court Should, at the Least, Clarify Its Opinion to Insure That State Copyrights Are Used to Foster Creativity Not Just to Grant Financial Bonanzas to Local Favorites.

The decision of this Court in the instant case allows the states to grant a state copyright to any "class" of writing which is not protected ("attended") by Federal copyright even though it is a writing within the meaning of Article I, §8, Cl. 8 of the Constitution. The decision further holds that sound records fixed and published prior to February 15, 1972 are not such a Federally protected class of writing because only sound recordings fixed and published after such date are eligible for Federal copyright.

The decision does not state whether a State can grant copyrights to works which were published prior to the time the State enacts its copyright statute and petitioners respectfully urge this Court to clarify this important point even if it otherwise denies this petition. If the States can legislate with respect to works previously published, then hundreds, perhaps thousands of works with commercial value, because of their educational and aesthetic properties, are also classes of

works which the states may "protect" since they have never been entitled to federal copyright protection because they were originally published prior to the time Congress decided to grant such protection. For example, books by Dickens and Hugo and music by Verdi have long been considered part of the public domain and thus free for anyone to copy because such works were published prior to the time Congress established a method for foreign authors to acquire a copyright in their works. The same is of course true with countless nineteenth century paintings, such as those by Van Gogh or Renoir; finally, and perhaps of even greater importance, are such items as computer programs which have only recently become the subject of Federal copyright.

Unless the States are restricted to protection of works unpublished at the time a State statute is enacted, one or more States could grant "copyrights" to the heirs of such authors, composers, or artists, thereby removing from the public domain many great works. The result of course would be a general increase in the cost of such works, or reproductions of such works, to the general public. Nor would there be any corresponding benefit to the public. That is, it can hardly be argued that a state copyright statute enacted today or for that matter in 1968, would possibly encourage artistic activity, or other activity, in 1850 or 1900 or 1950 or at any time prior to its enactment.

Petitioners suggest that this substantial problem can be cured by this Court's clarifying its opinion to specify that it is holding that the copyright power reserved to the States by the Constitution was a power to protect only writings published *after* the state enacted

such a relevant copyright statute. There is ample grounds for such a holding since as this Court noted in *Graham v. John Deere*,[1] it was the practice of the English Crown "in granting monopolies to court favorites"—eventually curtailed by the Statutes of Monopolies—which caused the Framers of the Constitution to limit Congress' power to protection of items not yet in the public domain. Certainly it is a fair assumption that this same Constitution would prohibit the states from granting copyright protection to items which could be freely copied prior to such state action.[2]

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[1]383 U.S. 1, 5-6 (1966).

[2]In the instant case this Court noted that it was affirming its previous decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) (hereinafter "*Sears*") and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) (hereinafter "Compco"). In *Compco* the Court held:

> "Today we have held in *Sears, Roebuck, & Co. vs. Stiffel Co., supra,* that when an article is unprotected by patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Article I, Section 8, Clause 8 of the Constitution, and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain." 376 U.S. at 231-232.

In *Sears* this Court held:

> "Sharing in the good will of an article unprotected by patent or trademark is the exercise of a right possessed by all and in the free exercise of which the consuming public is deeply interested." 376 U.S. at 231-232.

In the instant case this Court stated it was affirming both *Sears*, and *Compco*. Thus, this Court's holding in the instant case appears to be that items which are sold to the public without the protection of a federal copyright or patent are in the public domain and are free to be copied by anyone. However, if the item is a class of writing not "attended" by a federal copyright then a state may protect it. Petitioners' position, as set out above, seeks only to insure that such protection be only for works which have not yet reached the public domain, since a contrary holding would allow the states to take from an individual, without just compensation, the right to copy and share

Nor is petitioners' request an academic exercise, for it is of vital importance to the instant case. The California statute in question, Penal Code §653h, was enacted in 1968 and did not become effective until November, 1968. The Misdemeanor Complaint which was filed against petitioners does not state when the sound recording "albums" in question were first sold generally to the public in California, but it is a fair assumption that some or all of the 140 albums in question were first sold prior to November, 1968, since the information alleges that defendants started copying the albums no later than April, 1970. The matter did not come up in the Court below, because the respondent herein never argued that the State had a right to enact a copyright law.[3] If respondent had

in the goodwill of an item which right he had until the State acted. For example, if the defendants had a right to copy record A in California in October, 1968, and if California Penal Code §653h takes away that right as of November 1968, then the defendants have been deprived of a valuable right by the State without compensation. As petitioners have noted the Framers of the Constitution certainly never intended to allow such a taking without compensation.

[3]There appeared to be no need for the Court below to determine whether such sales of the relevant albums first occurred before or after the effective date of Penal Code §653h. The respondent never argued that California, or any other state, had the right to enact a copyright statute. Its sole argument, and the argument accepted by the court below through its adoption of the opinions in *Tape Industries Ass'n of America v. Younger*, 316 F.Supp. 340 (C.D. Cal. 1970) and *Capitol Records, Inc. v. Erickson*, 2 Cal.App.3d 526 (1969), was that the activity prohibited by Penal Code §653h was simply appropriation or theft, and not copying. (That argument has now been rejected by all nine members of this Court.)

Nor could petitioner have reasonably anticipated this Court's decision in light of the unbroken line of decisions of this Court dating from 1834, which at the least, appeared to indicate that the states had no right to enact a copyright law since they specifically held that, in enacting a copyright law which protects the works of authors after publication, Congress did not

(This footnote is continued on next page)

made such an argument petitioners would have sought to establish a record as to the date of the original sale and distribution of the albums in question. But, petitioners have consistently argued that the sound recordings are in the public domain and thus, there is ample justification in the record for a decision by this Court to remand the matter to the court below for a determination of the original sale date in California of the albums named in the Complaint.

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sanction an existing right but created a new one. *Wheaton v. Peters,* 8 Pet. 591, 661; *Banks v. Manchester,* 128 U.S. 244, 252, 253; *American Tobacco Co. v. Werchkmeister,* 207 U.S. 284, 291; *Caliga v. Inter Ocean Newspaper Co.,* 215 U.D. 182, 188; *Globe Newspaper Co. v. Walker,* 210 U.S. 356, 362; and *Fox Film Corp. v. Doyal,* 286 U.S. 123, 127.

In fact, in *Banks v. Manchester,* 128 U.S. 244 (1888), this court held that a state could not remove matter from the public domain by enacting its own copyright law, even if the writing which was the subject of that law was not protected under the Federal copyright law. In *Banks* the State of Ohio sought by statute to give to the highest bidder the exclusive right "so far as the State can confer same", to publish the opinion of the Ohio Supreme Court. The Ohio statute also instructed the person acquiring such right to secure a Federal copyright in the opinions. This Court held, however, that the opinions of the Ohio judges were not a class of writing which could be protected under the Federal copyright statutes then in effect.

> "[No] copyright [can] under the statutes passed by Congress, be secured in the products of the labor done by judicial officers in the discharge of their judicial duties." *Banks v. Manchester, supra,* 128 U.S. at 253.

The appellants, however, argued that "the weight of authority sustains the proprietary right of the state of Ohio in the opinions of its judges." (See *Banks v. Manchester, supra,* 32 L.ed. 425, wherein the briefs of counsel are summarized.) This Court disposed of such a claim that a state could enact a law to protect published works not the subject of a Federal copyright, holding:

> "No authority exists for obtaining a copyright beyond the extent to which Congress has authorized it. A copyright cannot be sustained as a right existing at common law; but as it exists in the United States, it depends wholly on the legislation of Congress." *Banks v. Manchester, supra,* at 252.

This clarification sought by petitioners would not upset the basic determination by the Court that state legislatures should have the right to enact legislation to foster creativity within their own borders if the legislature determines that the benefits of such encouragement to creativity will outweigh the monopoly effect on the public. Such a clarification will, however, insure that the approach taken by this Court is not adulterated by allowing certain States to grant such monopolies on already existing matter, without the counterbalancing benefits from increased creativity which this Court envisaged from a State copyright law.

III.

The Interpretation of Section 4 of the Copyright Act as Not Encompassing Sound Recordings Was Not Argued by the Parties, Is Contrary to Its Literal Meaning and Endangers the Validity of the New Sound Recording Act.

In disposing of petitioners' argument that the California statute in question is void under the Supremacy Clause, the majority opinion analyzes in detail Section 4 of the Copyright Act[4] and concludes that the word "writings" in Section 4 did not extend federal copyright protection to sound recordings and therefore Congress has left sound recordings "unattended" so that "no reason exists why the state should not be free to act."[5] It is significant that this interpretation of Section 4 constitutes a basic foundation upon which the majority opinion rests, yet neither petitioners nor respondent have argued or even discussed Section 4 in

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[4]17 U.S.C. §4.

[5]*Goldstein v. California*, 71-1192, slip opinion, p. 23.

their briefs.[6] More importantly, it is earnestly submitted that the question of whether the California statute is void under the Supremacy Clause does not depend on whether Section 4 actually authorizes the actual granting of a federal copyright registration for sound recordings, but rather whether Section 4 preempts state protection because it encompasses sound recordings within the overall federal copyright scheme under the constitutional prerogative set forth in Art. I, §8, Cl. 8, of the Constitution.

Section 4 provides:

> "[T]he works for which copyrights may be secured under this Act shall include all writings of an author."

The word "writings" was specifically chosen by Congress because "it was thought better to use the word 'writings' which is the word found in the Constitution,"[7] and it was simultaneously recognized that "Congress and the courts have always given a liberal construction to the word 'writings'."[8]

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[6]Petitioners' briefs and arguments did not deal specifically with Section 4 because petitioners assumed, in light of *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting*, 376 U.S. 234 (1964), that the enactment of constitutionally implementing federal patent and copyrights laws, in and of itself, preempted the states from acting in these areas, and that the principal question presented by the California statute in question was whether it interfered with such federal preemption and federal copyright policy. Likewise, Section 4 is not cited in respondent's main Brief or its Post-Argument Memorandum, respondent's principal arguments being that the California statute was not a copyright statute, but a constitutionally permissible exercise of a state's police power and that the California statute is expressly authorized by Congress under either Section 3 of Public Law 92-140 or Section 2 of the 1909 Copyright Act (17 U.S.C. §2) granting states the right to protect "unpublished" works.

[7]H.R. Rep. No. 2222, 60th Cong., 2nd Sess. at 10.

[8]*Id.*, at 2.

With this legislative background, and looking at the language actually used in Section 4, it is believed clear that Section 4 was intended by Congress to define the area over which Congress elected to assume control under its constitutional authority. Section 4 was not intended to define only those works which were actually copyrightable under the 1909 statute, for this is expressly done in other sections of the 1909 act, principally Section 5 which lists classes of works which are copyrightable.

Thus, the clear import of Section 4 is that the works to be brought within the federal copyright scheme "*shall* include *all* writings," and that within this all-encompassing framework, "copyrights may be secured" for such works as Congress expressly selects. Congress, by deliberately choosing in Section 4 to use the word "writings" found in Art. I, §8, Cl. 8, specifically intended to exercise its authority over all works to which the constitutional provision might apply, and congressional intention as to which such works were to be protected by copyright is found in an interpretation of other provisions of the Act.[9] Since Congress has thus

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[9]Insofar as "writings" in Section 4 is to be interpreted to determine what Congress preempted, this term must have a scope that is unequivocally coextensive with the same term in the Constitution. However, "writing" in Section 4 has also been interpreted for purposes of attempting to determine which works Congress intended to grant copyright protection. In the latter category, Judge Learned Hand suggests in his dissenting opinion in *Capitol Records, Inc. v. Mercury Records, Inc.*, 221 F.2d 657 (2nd Cir. 1955), that the scope of "writings" within the meaning of Section 4 should be coextensive with the constitutional meaning of that term except insofar as other portions of the Copyright Act itself expressly disclose a contrary intent, and this construction of Section 4 is also adopted by Professor Nimmer in his leading treatise, *Nimmer on Copyright*, §12.22 (1973). Accord: *Harcourt, Brace & World, Inc. v. Graphic Controls Corp.*, 329 F.Supp. 517 (S.D. N.Y. 1971).

exercised its full constitutional copyright authority it must follow that the Supremacy Clause preempts concurrent state authority such as that represented by the California statute in question here.

It is true that the language of Section 4 has been looked at in an effort to determine whether a particular work is subject to actual copyright protection under the Copyright Act,[10] and in some cases Section 4 has been found wanting for this purpose. But, it is again to be emphasized that regardless of whether Section 4 is interpreted as authorizing copyright regulation of a particular work, Section 4 nevertheless clearly acts to bring all constitutional writings within the federal copyright scheme even if some of such writings are found not to be actually registrable because of other language in the Copyright Act.

Indeed, if the words "all writings" are interpreted as not encompassing sound recording within the federal copyright scheme, as the majority opinion holds, it would seem to follow logically that the 1971 amendment,[11] which adds sound recordings to the works protected under the federal Copyright Act, is unconstitutional because no change was made in the definition of "all writings" in Section 4 when the 1971 amendment was enacted.[12] If "all writings" did not encompass sound recordings prior to February 15, 1972, the

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[10]*Capitol Records, Inc. v. Mercury Records, supra,* note 6; *cf. Mazer v. Stein,* 347 U.S. 201 (1954); Chafee, *Reflections on the Laws of Copyright,* 45 Col. L. Rev. 719, 733-737 (1945).

[11]Public Law 92-140, 85 Stat. 391 (1971).

[12]The same problem would also arise in connection with the 1912 amendment to the Copyright Act, 37 Stat. 488 (1912), which added motion-picture photoplays and motion pictures other than photoplays to the 1909 Act without any change in the language of Section 4.

effective date of the 1971 amendment, how can these same words suddenly take on an entirely new definition without some congressional amendment or, at least, congressional clarification? It is submitted that this obvious statutory dilemma is resolved if, as indicated above "all writings" in Section 4 is interpreted as defining the works over which Congress has elected to exercise its constitutional authority while leaving Section 5 and other sections to define the particular works which Congress has elected to protect by copyright.

This interpretation of Section 4 also seems more consistent with this Court's holdings in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). In the latter case, this Court relied upon a broad "federal policy, found in Article I, Section 8, Clause 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain" (376 U.S. at 237) and emphasized that any article not expressly protected by the patent and copyright laws is "in the public domain and can be copied in every detail by whoever pleases" (*id.* at 238). These decisions clearly seem to assume that by enacting the federal patent and copyright laws, Congress has exercised the full authority granted to it under the Constitution, and the states cannot act to prohibit the copying of any federally unprotected article unless Congress expressly authorizes them to do so (*e.g.*, as under Section 2 of the Copyright Act). This assumption is consistent with petitioners' argument that, in enacting Section 4 of the Copyright Act, Congress expressly intended to exercise its authority over all works which the Constitution permits.

The briefs and arguments presented to this Court in the present case by both petitioners and respondent did not deal with Section 4 because it was assumed by both sides that if this Court found Penal Code §653h to be a copyright statute it would be invalid since Congress, in enacting federal copyright legislation, had preempted the copyright field except as to works which Congress expressly left to the states. It is therefore earnestly submitted that this Court should grant a rehearing to enable both parties to address themselves to the contrary interpretation of Section 4 upon which the majority opinion is based. More importantly, it is respectfully suggested that unless the interpretation of "all writings" in Section 4 as excluding sound recordings is clarified, the constitutional validity of the 1971 amendment to protect sound recordings will remain open to serious doubts that will undoubtedly have a deleterious effect on the entire recorded music industry.

IV.

Conclusion.

For the reasons set forth above the petitioners request this Court to grant the instant petition and grant a rehearing on the instant cause.

Respectfully submitted,

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Attorneys' Certificate of Good Faith.

The undersigned, ARTHUR LEEDS, attorney for Petitioner, hereby certify that the Petition for Rehearing filed in this cause is presented in good faith, that in their judgment the grounds of said Petition are well taken and in conformance with the Court's rules and that said Petition for Rehearing is not interposed for delay.

ARTHUR LEEDS